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ABSTRACT

Testimony is given in this report from two hearings concerning reauthorization of the nonentitlement child nutrition programs: the Women, Infants, and Children Feeding Program; the Summer Food Service Program; Nutrition Education and Training (NET); State Administrative Expenses, and authority for section 32 commodities. At the March 12, 1984 hearing before the Subcommittee on Nutrition, recommendations were given by the United States Department of Agriculture (USDA) regarding funding and administering these programs. Other witnesses from public and private agencies presented views on reducing students' cost for the reduced-price school lunch, reinstating verification of parent eligibility for food assistance to family or group day care providers, reauthorizing funding of NET, and allowing the USDA to no longer sponsor the Summer Food Service Program. The second hearing was held before the Committee on Agriculture, Nutrition, and Forestry on April 4, 1984. Testimony was presented on the above issues and on the effects of making private schools ineligible for the school lunch program if their annual tuition is more than $1,500. Ways to require and fund better nutrition in the breakfast program were informally discussed. Copies of two bills are appended: S.1913 proposes certain changes in the school lunch and other child nutrition programs, and S.1994 would amend the National School Lunch Act to reinstate eligibility criteria for participants in the Child Care Food Program. (CB)

S. Hrg. 98-948

REVIEW AND REAUTHORIZATION OF CERTAIN CHILD NUTRITION PROGRAMS

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON NUTRITION

OF THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

AND THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

SECOND SESSION

MARCH 12 AND APRIL 4, 1984

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REVIEW AND REAUTHORIZATION OF CERTAIN CHILD NUTRITION PROGRAMS

MONDAY, MARCH 12, 1984

U.S. SENATE,
SUBCOMMITTEE ON NUTRITION,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, DC.

The subcommittee met, pursuant to notice, at 12:34 p.m., in room 328-A, Russell Senate Office Building, Hon. Bob Dole (chairman of the subcommittee) presiding.

Present: Senator Dole.

STATEMENT OF HON. BOB DOLE, A U.S. SENATOR FROM KANSAS

Senator DOLE. Let me welcome our witnesses and guests to the Senate Agriculture Committee's Nutrition Subcommittee.

I have a statement which I will ask be made a part of the record, so I will just highlight the statement.[1] We are going to be hearing from various experts in the field of nutrition, and we hope we can maybe ask some questions as we go along.

From time to time we have an opportunity to evaluate the child nutrition programs in their entirety, even though we are technically engaged in the process of reauthorizing only the nonentitlement programs, which are WIC, the Summer Food Service Program, Nutrition Education and Training, State Administrative Expenses, and the authority for section 32 commodities.

I would just suggest, as I did speaking with some of the ASFSA people earlier this morning, there is strong bipartisan support on this committee for nutrition programs. There have been a lot of changes made in these programs, including the level of Government spending since 1970. At that time, we spent about $700 million for all child nutrition programs; now we are up to around $4.4 billion.

There are others who would suggest that we add additional spending. This year, we are somewhat concerned about the targeting of nutrition programs. Most important, as I have indicated, we are all concerned about the overall Federal deficit. So let me suggest that I think we are making some progress. There is no one hostile group or person, and I am convinced that we can work out any policy disagreements that we may have. I am very pleased to be here to preside over these hearings today.

[1] See p. 115 for the prepared statement of Senator Dole.

Our first witness is not a newcomer to the committee—John Bode, Deputy Assistant Secretary for Food and Consumer Services.

John, you may proceed in any way you wish. We will make your entire statement a part of the record. If you can summarize it, and touch the highlights, that would be very helpful.

STATEMENT OF HON. JOHN W. BODE, DEPUTY ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES, U.S. DEPARTMENT OF AGRICULTURE

Mr. BODE. Thank you, Senator.

My statement, is very long, and I do have a lot to say, so I will summarize.[1]

I appreciate the opportunity to be here again addressing an important subject.

Before commenting on S. 1913 specifically, I would like to emphasize that current laws provide generous child nutrition benefits.

I certainly appreciate your reference to the bipartisan approach that has existed for a long time. If one updated in real dollar terms the level of expenditures for nutrition programs that took place in 1969, expenditures would be something like $2.5 billion, and of course this year we are spending well over $19 billion on nutrition assistance. I think that indicates the strong bipartisan approach that exists in this country to fight the problems of hunger.

I would also like to talk about the child nutrition programs specifically. These benefits are very generous. Any child, in a participating school can receive a free meal if his or her family's income is less than 130 percent of the poverty guideline, which is almost $13,000 a year for a family of four.

Students from families with incomes up to $18,315 for a family of four are eligible for a Federal subsidy of 92 cents per meal, not including the 10 cents per meal average value of bonus commodities which we are now providing. These children cannot be charged over 40 cents for that lunch, which typically costs around $1.80 to produce. This lunch is clearly the best bargain in town.

Over 23 million children a day participate in the school lunch program. In addition, this administration, is distributing surplus commodities.

It is true that we have restrained the budgets of the child nutrition programs through the judicious changes adopted by this committee and the Congress in 1981. The changes that were made served to better target scarce Federal resources to those with the greatest need. Despite our reforms, the Federal Government still provides large subsidies to upper and middle-income families through the child nutrition programs.

For example, this year in the school food programs, we will spend approximately $460 million to subsidize meals served to students from families with incomes above 185 percent of the poverty guideline. Also, the Child Care Food Program is growing dramatically in family day care homes. Yet, two-thirds of the subsidies benefit families in that same, highest income group.

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[1] See p. 119 for the prepared statement of Mr. Bode.

The administration strongly opposes the enactment of S. 1913. Most of the provisions of S. 1913 are aimed at reversing a number of entitlement reforms adopted by Congress as part of the 1981 Omnibus Budget Reconciliation Act. It would use taxpayers' money to provide new entitlement funding for those well above the poverty line. At a time of unparalleled need to control Federal spending, we simply cannot justify this bill, which would add about $180 million to the deficit in 1985 alone.

I think that fairly well summarizes our reasons for opposing the bill. My statement goes through the bill in greater detail, and talks about specific provisions.

With respect to expiring authorizations that you referred to, Senator, there are five programs expiring this year. The WIC Program we recommend reauthorizing for a year, the Summer Feeding Program we recommend, be included in a nonschool food assistance grant, along with the Child Care Food Program.

State Administrative Expenses and Commodity Distribution we also recommend reauthorizing. We recommend that the Nutrition Education and Training Program authority lapse.

That is a quick summary of our views, Senator.

Senator DOLE. Well, what about the funding levels for the expiring authorization? Are they contained in your statement? Take the WIC Program, for example.

Mr. BODE. For the WIC Program we have recommended a funding level that would maintain an average annual participation of 2.8 million persons.

Senator DOLE. How much money is that?

Mr. BODE. That is one point——

Senator DOLE. $1.3 billion?

Mr. BODE. It is approximately $1.3 billion, yes, sir.

Senator DOLE. As opposed to what, $1.2 billion last year?

Mr. BODE. You know, the WIC Program has grown tremendously over the last few years, Senator. This year's participation is up by about 55 percent over the level in 1980, so during this administration the WIC Program has grown tremendously, not all of those increases, of course, urged by the administration, but that is the status of the program.

Senator DOLE. What about dropouts in the program? We get a lot of reports and the committee likes to focus on some of these. Supposedly, a lot of the near-poor students dropped out of the school lunch program.

Do you have any statistics, or surveys that would give us information as to what the dropout rate for near-poor students has been over the last 3 or 4 years?

Mr. BODE. Well, sir, really good data is not present. There have been references at times in the past, to participation levels, and the fact that there was a decline in participation levels was pointed to as a cause for concern about dropout. But that data, of course, reflects a significant reduction of school enrollment. We have seen about a 4-percent decline in school enrollment which accounts for 2.2 million students, as I recall.

And there has been another factor, of course, with improved verification we are seeing a reduced amount of inappropriate participation.

You may recall that the USDA Inspector General found very high rates of inappropriate participation, where children getting free and reduced priced meals simply were not eligible to participate in those categories. Those children should have been in the paid category.

I think we have not seen a reduction, or a dropout of the low-income children, because those children are all entitled to free school meals, if their families have income below 130 percent of the poverty level.

Senator DOLE. What about participation by children in the Child Care Food Program, particularly in day care homes? If you do not have the information, you can furnish it for the record. Here again, there have been indications that participation has declined since 1981.

Mr. BODE. Those numbers have increased, sir. Knowing your special concern about service to the low income, I must admit that we are not doing a good job with the Child Care Food Program in family day care homes. Almost two-thirds of those subsidies go to families with income above 185 percent of the poverty guidelines.

Senator DOLE. You might furnish that information for the record, along with information concerning the Summer Feeding Program. That would be helpful.

Mr. BODE. I would be happy to.

[The following information was subsequently received by the committee:]

FAMILY DAY CARE HOME SUBSIDIES TO UPPER INCOME CHILDREN

A study of the Child Care Food Program completed in 1982 indicated that the family day care home portion of the program predominately serves children from families with income over 185 percent of poverty. The distribution is as follows:

Percent of Family Day Care Home Participants

Income category as a percent of poverty:	
At or below 130 (free)	24.5
131–185 (reduced price)	11.1
Greater than 185 (paid)	64.4
Total	100.0

From: Evaluation of the Child Care Food Program, Abt Associates, Inc., August 1982.

This shows that the program is poorly targeted. Over three-quarters of those participating are from families above 130 percent of the poverty line ($12,870 for a family of four) and almost two-thirds of the participants are from families above 185 percent of the poverty line ($18,315 for a family of four).

GROWTH IN CHILD CARE FOOD PROGRAM

The Child Care Food program has experienced growth in every year during the period Fiscal Years 1981–1984 (to date) the following data illustrate the trend:

[Children in thousands]

	Fiscal year—			
	1981	1982	1983	1984
Average daily attendance (from 1st Quarter Report):				
Child care centers	628	662	684	681
Family day care homes	140	217	226	276
Total	768	879	910	957

Growth has been more rapid in family day care homes than in child care centers. Between 1981 and 1984 participation in homes increased 97 percent. In centers, participation increased 8 percent. Total program participation increased 25 percent.

PARTICIPATION IN THE SUMMER FOOD SERVICE PROGRAM

The following table illustrates participation trends in the Summer Program:

	1981	1982	1983
Average daily participation[1]	1.4	1.0	1.1
Peak daily participation[2]	1.6	1.4	1.4

[1] Average of June, July, and August.
[2] July's participation.

The decline between Fiscal Years 1981 and 1982 was due to sections of the 1981 Reconciliation Act that tightened eligibility standard and restricted sponsorship of programs to schools, residential camps, and government sponsors.

Senator DOLE. There is a lot of concern, that we have gone too far with regard to budget cuts in some areas. Maybe we ought to go back and make some changes. I would hope your Department would recommend any area where we picked up participants, or spent some additional funds. However, I understand you do not support this kind of legislation——

Mr. BODE. S. 1913, sir.

Senator DOLE [continuing]. S. 1913, for the reasons you stated more fully in your statement.

There will be some witnesses who support that bill later on this afternoon.

As I indicated earlier, I assume, in the not too distant future, that the School Lunch Program will just be made part of the normal schoolday. This may not happen in my lifetime, but maybe in the next 10 or 15 years. I would not be surprised if we see major changes in our national policy of feeding children. In the meantime we have an obligation to keep these programs as effective as possible. I hope we have fulfilled this obligation. We also have an overriding concern, about reducing Federal deficits. However, this does not excuse us from making adjustments in some of these programs, particularly as they affect low-income children, or low-income Americans in general. We do not have any excuse for not taking care of these needs.

So I would hope that if you find any areas that we need to go back and take a look at, we would be happy to do that.

Mr. BODE. Senator, we have shared that concern of yours for sometime, and I think it has been consistently reflected in our recommendations, including those for 1985. That is why we recommended no change, no reduction be made in the entitlement funding in school lunch for the low-income group, families with incomes below 139 percent of the poverty level.

You know, with the bonus commodities that we are making available to schools, the level of Federal assistance provided for the lowest income group has actually increased faster than inflation.

We have kept up pretty well with the entitlement to cash, and the commodity entitlement for the free category, and we have dramatically increased the bonus commodities.

Senator DOLE. Do you recommend any areas for increased funding?

Mr. BODE. No, sir. It is because we feel that we have a good system now of providing assistance to that lowest income group. The reductions have been targeted fairly well to the higher income categories. We still have rather generous benefits with lunch, for example, $460 million being spent on the highest income group.

Senator DOLE. In the highest income group, what is that?

Mr. BODE. 185 percent.

Senator DOLE. How much of an income would that be for a family of four?

Mr. BODE. That is $18,315 a year, for a family of four.

We agree that it is a matter of allocating some scarce Federal resources. It is nice to provide more for an everwider group, but we feel that the benefits going to the nonpoor, if you will, are generous in the context of the Federal budget situation.

Senator DOLE. Well, there may be other questions, John, from members who are not here. It is probably a strange time to have a hearing, but the lunch hour is a pretty good time for a nutrition hearing. We will focus on it a little more.

[The following information was subsequently received by the subcommittee:]

ADDITIONAL QUESTIONS SUBMITTED TO MR. JOHN BODE, DEPUTY ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES, USDA, BY SENATOR JESSE HELMS, AND ANSWERS THERETO

Question. Earlier this year, I asked the General Accounting Office to undertake a study on school lunch participation. As you know, concerns have been raised about supposed "drop out" from program participation of both students and schools. The GAO report, released after your appearance, indicates that the decline in participation has been "primarily because fewer students ate full-price lunches". Do you find the GAO report consistent with the Department's own figures and assessment of school lunch participation trends, particularly with regard to the trend that the drop out took place among those well above poverty?

Answer. The GAO report is consistent with the Department's own data reflecting changes in participation and attests to the continuing wide participation in the lunch program of those in need. The most significant drop in participation occurred in paid lunches purchased by children from families well above the poverty level. To a much lesser extent, free lunches also declined. However, in the current fiscal year, free lunch participation has nearly returned to the peak level reached in Fiscal Year 1981 despite a continuing decline in overall enrollment.

We believe that those in need are still being well served under the free and reduced-price meal policy. Moreover, despite the decline in paid meal participation, there are still over 11.6 million full-price participants daily, a strong indication that the school lunch remains a sound nutritional value for all children.

Question. Do you have any information on what impact the increased verification procedures have had on free or reduced-price participation?

Answer. The completed verification pilot study indicates that an improved application form, with a specific reference to the possibility of verification, significantly reduces the incidence of misreporting. These results are encouraging when compared with findings from other studies about the level of misreporting. For example, in the May, 1980 audit conducted by the Office of the Inspector General, USDA, the overall error rate due to misreporting was 28.8 percent. In-home audits conducted

during the National Evaluation of School Nutrition Programs discovered an error rate of 21.8 percent. The simple quality assurance methods conducted during Phase I of the Income Verification Pilot Study reduced the error rate due to misreporting to 17.4 percent. And Phase II of the pilot study, using more advanced quality assurance procedures, was able to reduce the error rate even further, to 11.7 percent. This means that the children of some applicants who had previously misreported their financial circumstances will now be receiving reduced price lunches instead of free lunches or be required to pay full price instead of receiving free or reduced price lunches. Along with these positive results, the study has also indicated that new application and verification procedures, properly conducted, will not result in eligible applicants being denied participation in the program. We do expect further advances to be made in error rate reduction as new regulations on application and verification procedures are implemented in school districts, and as administrators gain expertise in their use.

These findings are primarily derived from a controlled, experimental setting within one fiscal year. Unfortunately, due to changes in many other variables from one year to the next, such as enrollment fluctuations and changes in the economic circumstances of participating families, we are unable to attribute a specific part of an actual participation change (e.g., FY 1983 compared with FY 1982) to verification procedures per se.

Question. What is your response to the contention made by various child nutrition officials that USDA should continue to administer various child nutrition programs because of constitutional or statutory prohibitions within States that they claim preclude their direct administration of these programs?

Answer. The Department has recommended that direct Federal administration be discontinued in the interest of improving State and local management of the child nutrition programs. We also believe it is both appropriate and beneficial for State agencies to assume responsibility for local programs rather than for the Federal Government to intervene at the local level. Food and Nutrition Service regional offices are frequently located far from participating schools and institutions and, in addition, regional office staffs are not as familiar with local circumstances or community resources as State agencies are. Also, we have found that direct Federal administration can create certain ambiguities because State agencies and regional offices may operate under different sets of rules for such requirements as audit closures and report submission deadlines. We expect all States that do not currently administer these programs to do so if Federal administration is no longer available.

I understand that some Senators have discussed an amendment to specifically authorize the Secretary of Agriculture to use State Administrative Expense funds to contract for the provision of these administrative services in cases where the State declines to perform the services. While we would need to review such an amendment prior to taking a position, the Administration is generally receptive to such an approach.

Question. At least one witness has recommended a "feasiblity study or pilot project on various methods of operating a self-financing school lunch program for all children", that is a universal free lunch program. Do you have any information on the likely cost of a national universal free lunch? What would be the cost of doing a nationally representative study on the subject?

Answer. Our very rough estimate at this time, assuming an average daily participation of 31.9 million students and allowing for absenteeism, is about $7.5 billion. The cost of a nationally representative study could vary widely depending upon whether we relied on a simulation-based approach on already collected data, or whether a demonstration were conducted. Such a demonstration, in a nationally representative sample of schools, would include a year's worth of operation. It would also entail a formal analysis and evaluation which would extend an additional year beyond conclusion of the demonstration. The estimated cost of the year long demonstration plus the evaluation component might approach $40 million.

Question. Do you have any information on the degree of State or local funding which goes for State administrative expenses or nutrition education and training?

Answer. The Food and Nutrition Service (FNS) does not regularly collect data on the amount of funds contributed by State or local entities toward the administration of the child nutrition programs nor that of State and local monies contributed for nutrition education and training activities. However, in 1983 FNS authorized approximately $44.9 million in State administrative expense monies to 57 State agencies. In addition to this amount, States contributed about $16 million for administration of child nutrition programs. No information is available on the amount of funds provided from local sources. With respect to nutrition education and training, we do

have some data which indicate that relatively few States expend funds for this purpose.

Question. You indicated that because of donations of bonus commodities Federal support for free lunches had outpaced inflation. What has been the total and per meal value of bonus commodities furnished in recent years?

Answer. Bonus commodity donations to school lunch programs totaled $132.0 million, $316.3 million, $330.8 million and $389.9 million during School Years 1979–80, 1980–81, 1981–82 and 1982–83, respectively. Based on the total number of lunches served during those school years, the value of bonus commodities equaled 3.00¢, 7.23¢, 8.98¢ and 10.51¢ per lunch.

Senator DOLE. If we are going to have other witnesses, you might want to at least stick around for a while. We will now hear from Ms. Bender and Ms. White, who are next. Betty and Gene, are you ready?

I think, Betty, you are listed here as going first. You are president of the American School Food Service Association and also the director of child nutrition for Dayton, OH; Ms. Gene White, is legislative chairperson of the American School Food Service Association and assistant superintendent of education for child nutrition in California.

Ms. BENDER. Mr. Chairman, this is Mary Filko, director of Akron, OH.

Senator Dole, I am here strictly in support, and to say that the position that Gene White, as our legislative chairman is going to present to you, is endorsed by the association, and has its full support, and at this time I would like to turn it over to Gene.

Ms. WHITE. Thank you, Senator.

I would just like to say again on behalf of our association we did appreciate having you with us this morning. Also, we are looking forward to having Senator Huddleston tonight for our banquet. So for us this is super Monday. Although I think in the eyes of others tomorrow is super Tuesday.

Senator DOLE. You will probably be able to get a number of speakers after tomorrow. There may be some you do not want.

Ms. WHITE. But we did sincerely appreciate this, and we do have a prepared statement, which we have submitted for the record.[1]

Senator DOLE. Do I have a copy of it?

Ms. WHITE. I believe you do, and if you do not, I have an additional copy I would be glad to give you right now.

Senator DOLE. Thank you.

Ms. WHITE. The thing I would like to do, with your permission, is simply highlight some of this, in the interest of your time, and this morning, when you did graciously meet with us, you did mention the fact that you would like to know what our priorities are.

Senator DOLE. Right.

STATEMENT OF GENE WHITE, LEGISLATIVE CHAIRMAN, AMERICAN SCHOOL FOOD SERVICE ASSOCIATION, ACCOMPANIED BY BETTY BENDER, PRESIDENT, AND MARY FILKO, DIRECTOR, AMERICAN SCHOOL FOOD SERVICE ASSOCIATION

Ms. WHITE. And you also would like to know what some of our concerns are. So I think perhaps we will just simply start by ad-

[1] See p. 123 for the prepared statement of Ms. White.

dressing that, and, of course, be very pleased to answer any questions that you might have.

I think as an opening concern, we would simply like to state for the record that it is important to the programs that they remain bipartisan. This seems to be a particularly important thing to know during this election year, when so easily something of national importance and difficulty like child nutrition could be diverted to bipartisan issues.

So we would urge that this committee continue to proceed as it has in the past, and have child nutrition remain as a bipartisan issue.

Now, in terms of our priorities, there are really three things that we would like to stress this morning.

As a preface to this, of course, we recognize and appreciate the fact that there have been no significant budget cuts for us this year, that has been a tremendous help for the programs.

Looking to the future, we have data which indicates a real concern of what is happening to a certain segment of the children. These are the children of the working poor, and our concerns this morning are really for those children, and we are asking that some harshness of the former cuts be mitigated, by slowly adding back a little funding to help the reduced-price children, children of the reduced meal price programs.

Now, in a minute, we are going to share with you some data that we have in some of our cities, which shows the dropout children in the reduced price meal category. But let me first highlight the three priorities that we have, and then we will look at the data.

Now, our first priority is to lower the cost of the reduced-price lunch.

Senator DOLE. I have got that.

Ms. WHITE. The first priority is to lower the price of the reduced price lunch for the working poor children, from 40 cents per meal to 25.

Now, in the last couple of years that price has escalated 20 cents to 40 cents. It is a 100 percent increase.

Senator DOLE. What is the value of that meal now?

Ms. WHITE. The actual——

Senator DOLE. $1.80, is that it?

Ms. WHITE. Approximately.

Senator DOLE. What was the value of it when it was 25 cents?

Ms. WHITE. Probably more like $1.60, as I remember it, $1.55.

So our next priority then would be to do the same thing for the breakfast program for the reduced price child, and lower that selling price from 30 cents per breakfast to 15 cents.

Our third priority is again for the breakfast program, and here we are asking that we have sufficient funds to improve the nutritional quality of that breakfast, and improve that quality consistent with the findings of the USDA study, the National Evaluation of School Nutrition Programs, published in March 1983.

One of the things that we are finding is that about 85 percent of our breakfasts today are served to needy children. There is a strong feeling that there should be some protein in that breakfast. So those are the three priorities.

Now, in terms of why we are asking this.

Senator DOLE. As I understand it, the cost of A, B, and C is——

Ms. WHITE. The cost, as referenced above is approximately $150 million, which is add back funding.

Now, on the next page, Senator, we are showing you some of the data that we are using to support this request, and again it is important to note that from 70 to 80 percent of the benefits we are asking for would go to families with incomes below 185 percent of the poverty line.

As I said, clearly this is targeted to benefit children of the working poor.

Now, I would like to very quickly look at this data with you, and then Mary Filko from the Akron, OH, schools, who is referenced in this first item is prepared to give you some information on what is going on in typical major cities, this being Akron.

Now, you will note that the cities that we are listing here are really distributed throughout the Nation, and we are showing the percentage decline in the participation, lunch participation for the reduced-price category of meals, and we are comparing October 1980 with October 1983, and quickly looking at this Akron, OH, down 48 percent; Memphis, TN, down 67 percent; Raleigh, NC, down 27 percent; Birmingham, AL, down 29 percent; Albuquerque down 28 percent; Cleveland down 22 percent; Louisville down 22 percent; Kansas City, MO, down 4 percent; and Fort Lauderdale, FL, down 12 percent.

It might be interesting to note the statistic for Kansas City being 4 percent.

We have tried to look at some of the unemployment rates in other cities, and find that it does appear to be much higher in other cities, such as Akron, instead of a 48-percent dropout.

Now, in my own State of California, I would just like to add a statistic to show that statewide we are down 30 percent. That is across-the-board. So it is based upon this information that we feel a need, and even a responsibility to bring this to your attention, and ask for this add back of sufficient funds to cover this.

Now, with your permission, I think Mary Filko might like to highlight what is going on in Akron.

Ms. FILKO. I am sure you are aware of the loss of many factory jobs in our State. And when we talk of parents, we find that—it may not seem like a lot to us, but in a family where there is more than one child, they quite often do not get together that amount of money to eat a lunch.

We find that, as you can see by the figures, our prices—or our participation dropped 48 percent, reduced price, when we increased from 20 cents to 40 cents, and I was hoping that they would come back, because we feel the need to provide a meal for those children.

But as I said, parents are finding that they just cannot afford, in their minds, to pay that, when they have several children.

Senator DOLE. I assume there is a direct relationship between the unemployed parent and the dropout?

Ms. FILKO. Yes. The other thing is, we do have people who have been employed, after leaving higher paid manufacturing jobs, but the pay is not there, and the income is lower, and they just do not seem to have it, and of course, some of the women who are one

parent families, also find this problem. It is something that we have not been able to overcome.

Senator DOLE. Anything else, Gene?

Ms. WHITE. I have just one other comment, Senator.

This morning when you met with us you mentioned what we would call a possible dream. And it was referenced a few minutes ago in your comments, and I would just like to pick up on that, and say that the American School Food Service Association, and those of us who are operating programs each day, share that dream of yours, to somehow in the future incorporate the nutrition program into the educational program of the schools.

You know, in our judgment, schools should not be filling stations. Schools should be educational institutions, and everything we do there should be targeted to the health and education of children. This is a concept that we would like to bring forth by way of an official proposal to you.

We are asking this year that the Congress authorize a study which would look at the feasibility of some alternative ways to fund a universal type of program, a program in which child nutrition would be incorporated into the education program, for all children, and in so doing we feel this would meet the intent of Congress, as expressed in the National School Lunch Act, and to help the Nation preserve its most important resource, and that is the health and education of our children.

So when we talk about goals, and when we look to the future, we feel this is just an important thing to now start considering.

We are well aware of the budget constraints, a lot of the concerns that you have expressed. I know that also is a reality. We feel there is a dream, and a goal that should be pursued, and that it should be pursued through a congressional mandated study, to objectively and seriously look at the feasibility of some alternative ways to fund this type of program.

Senator DOLE. Is there any interest at the State and local level in that same concept? Is that State picking up some of the tab?

Ms. WHITE. I think, sir, that honestly this is something that could be explored in a feasibility study. We need a commitment and a priority to do the study.

I personally think there are ways in which there could be some shared costs. Because the reality is the cost of administering the program as it is now operating is quite expensive. We have high cost of application, of verification and all of the related controls that seem to be necessary for this program, and I guess our feeling is that the school lunch program is something at a crossroads right now, and we must soon decide if this is to be a welfare program, or if it is to be a health education program targeted to the educational goals of this Nation.

We would strongly urge that we do this kind of study, test the feasibility of this alternative.

Senator DOLE. I should have asked Mr. Bode.

Have you done any studies like that, John? You could make one, do one?

Mr. BODE. We have the capability to do one, a fair amount of the work would be contracted outside of the Department.

Senator DOLE. There would be some expense involved?

Mr. BODE. Yes, sir.

Senator DOLE. I think this is something that we might look at.

Again, I recall something similar in the House. It has been a long time since I was in the House, but Judge Smith, who was chairman of the Rules Committee, used to say that some day we will be feeding all children in school.

At the time, I do not remember whether I thought very much about this concept, but it is probably going to happen some day. If it is done in the right way, it might save a lot of expense, and it might eliminate the welfare aspect of the program—discrimination against poor students, and a lot of other things that I do not think are necessary. If we can avoid these aspects and find a better way to run the program. We should explore this possibility. Paying for it is something else. That is always the problem.

Ms. WHITE. Well, there may even be some creative ways in financing this. You know, we would hope that any feasibility study would seriously look at financing. We know that this is a very important consideration, a primary consideration, but we do think there may be some creative ways, ways perhaps that we have not even thought of, although we have thought of a few, but there may be many others that should be explored.

Senator DOLE. Betty, do you have anything else?

Ms. BENDER. I would like to say to you, Senator, and I am speaking as a program operator, if there could be some feasibility study, I think the cost we perhaps have to spend for our own controls to meet the regulations would reduce the cost of the meal as we presently serve it to the students, so financially it would perhaps be beneficial, as well as it would provide all students an opportunity to have a good, sound nutritional meal every day, and be a part of the educational system.

So I think that there are, of course, some problems in figuring out creative financing, but I think you could also see some additional benefits as far as reducing the cost of the program, better utilization of the people who run it.

We would then return to the nutrition and the feeding of children, rather than some of the other aspects that we have to deal with.

Senator DOLE. You may have some estimates. What does your proposal cost?

Ms. WHITE. Well, we have done some early on, I do not even know if I have that with me, Senator.

Senator DOLE. That is all right, you can furnish it.

Ms. WHITE. If I might just look at that.

We have looked at it from several perspectives, and of course, we also would price into that some possible increase in participation, since the meals would initially be available without cost.

The information we have is from, I believe, the Senate—was it, Marshall——

Senator DOLE. I think Marshall is looking in his briefcase.

Ms. WHITE. Well, we are not lost, we just do not have everything in the right briefcase this morning.

Thank you, Marshall.

What we are showing is an estimate of cost of $5.9 billion, subtracting out $2.6 billion for current services, we are talking about a short fall of $3.3 billion.

Now, the question is how do you raise that amount of money. This is where a proposal was made through some legislation last year, the proposal of Senator Hart, which would have, through the IRS process, reduced the amount of tax deductible lunches for entertainment, and thereby generate some additional moneys.

We are estimating that if about 70 percent of entertainment lunches could be deducted, and the balance diverted to child nutrition, we would pick up about $1.65 billion, Senator Hart's bill then would further support that.

We can see some other ways to administrative savings, to create some dollars. This is all something that would have to be further studied, of course, through a pilot study.

I think one of the questions that we all have is what would the participation level be if indeed this were part of the educational program, such as all of the other public school educational components. That is something that only a study would show.

Senator DOLE. I have read this background information. In another area where we try to earmark taxes for a specific program—we have taxes for cigarettes, taxes for medicare, taxes for alcoholic spirits—there is usually a direct relationship, like truck taxes for highways. I assume you could figure out some relationship here.

Ms. WHITE. We would certainly be challenged to try.

Senator DOLE. We are talking about the business expense account deduction. I guess lunches and meal deductions are close. Anyway, I think this is an idea that has been around for a long time, and the fact that you are now more serious about it might move it to the front burner for a while.

Are you suggesting that if we could make some adjustments in your so-called priority items, A, B, and C, that you would forego any other provisions of S. 1913, or——

Ms. WHITE. Well, those certainly are the priority items that we would wish to urge support.

Senator DOLE. What is the total cost of S. 1913?

Ms. WHITE. About $158 million.

Senator DOLE. The reason I asked earlier about the price was that when it was 25 cents, for example, the value of the meal was $1.55. Now it is $1.80, so there might be some adjustment there.

Ms. WHITE. Yes, that is another possibility.

Senator DOLE. Do you have anything else? I do not want to shut anyone off here.

Ms. WHITE. We do want to thank you for your time this morning. We appreciate the chance to make the statement to you, and also to assure you that as always we are here to provide assistance and information any way that we can.

Senator DOLE. I think the one thing you mentioned, which is even more important than where we come out in the details, is the bipartisan nature of the program. As far as I know, it is going to continue that way.

Ms. WHITE. Thank you. We appreciate that.

Senator DOLE. Sometimes, we are playing a game of who can spend the most money. We have been playing that game so long

that we are broke, and now we have to be a little more careful. I do not suggest that you have ever urged us to be excessive in any area, but, obviously, you have a different view in this area than we do. You are working with these programs on a daily basis, while we hope we are being responsive to the real needs of children. I do not see any change from the bipartisan nature of our committee's or the Congress' approach to these programs.

Ms. WHITE. Thank you. That is very reassuring.

ADDITIONAL QUESTIONS SUBMITTED TO MS. GENE WHITE BY SENATOR JESSE HELMS, AND ANSWERS THERETO

Question 1. As you know, legislation has been introduced to restore a special medical deduction for families applying for free and reduced-price meals which had been eliminated in 1981. My recollection is that many school food service people had told me that such a deduction was an enormous administrative burden, complicating the process of verification and increasing the costs. Do you support or oppose a return to a special medical deduction?

Response. ASFSA supports a return to a special medical deduction. It is quite likely that families who are overburdened with high medical costs may actually have net incomes that fall within free or reduced price meal eligibility guidelines.

Question 2. You will recall that the Administration initially recommended in 1981 that Federal reimbursements for the paying child be eliminated altogether. Largely in response to suggestions from school food service personnel, Congress decided instead to spread such needed reductions among all categories. Now that you are recommending a significant (15 cents) increase in Federal reimbursements for reduced-price meals, would you now support some reduction in the reimbursement for paying students to finance this change?

Response. ASFSA does not support reduction in reimbursement for the paying child. Reimbursement for paying students has already been severly cut. Additional cuts will further increase the selling price of meals thereby eliminating additional children from the program. As reported in the National Evaluation of School Nutrition Programs (FNS/USDA/April, 1983), "Participation rates for the School Lunch and Breakfast Programs are more sensitive to differences in the price of meals than any other factor affecting participation." In general, our philosophy is that the best way to serve poor children is to serve all children. We believe there must be incentive for local school boards to operate the programs for all students. It is from this perspective that ASFSA has asked the Congress to study the feasibility of a self-funding universal program.

Question 3. According to the Congressional Budget Office, the maximum meal charge for reduced-price lunches actually would be 53 cents, if the original price, established in 1970, had been indexed for inflation (instead of the present maximum of 40 cents). Why do you support lowering the price by 15 cents (to 25 cents) with a corresponding increase in Federal reimbursement of 15 cents?

Response. ASFSA supports lowering the selling price of reduced price meals (from 40 cents to 25 cents) in order to reduce student drop out and to enable more eligible students to participate. Most schools cannot afford to charge less than 40 cents. The cut in meal reimbursement makes it impossible for them to do so.

Question 4. How can the Congress ensure that any additional funding for breakfast reimbursements will be used for actually improving the meal quality of breakfasts, the purported objective?.

Response. This assurance could be obtained through statute and effective regulations for implementing this provision.

Question 5. I am concerned that any proposed increase in Federal reimbursements not be used simply to replace existing State or local expenditures. Would you support a provision to ensure State "maintenance of effort" so that increased Federal funds would not simply replace existing State or local funds?

Response. ASFSA would certainly concur that additional federal monies should not be used simply to replace existing state or local expenditures. A "maintenance of effort" provision is one way to provide this protection. Although ASFSA has not taken an official position on this issue, it would be consistent with our philosophy of using new money for program improvement and outreach.

Question. 6. You described the results of 1981 reconciliation legislation has having "dramatically reduced participation in the reduced-price category." Yet the General Accounting Office recently released a report which noted, among other facts, that

reduced-price participation nationally had declined from 1.7 million in 1979 to 1.6 million in 1983. During the peak years of 1980 and 1981, participation was 1.9 million. At worst, such a decline represents a reduction of 16 percent from the peak years; less than 6 percent from 1979. Do you really consider these participation figures dramatic reductions? What part might increased verification, declining school enrollment, or elimination of high-tuition private schools have had on reduced-price participation?

Response. I believe that participation trends described in my testimony relate to California data (please see attached table). You will note a dramatic decrease in all three meal categories has occurred. During the referenced period, school enrollment in California declined by approximately one percent. Verification was not in effect at this time.

Question 7. You cited reduced-price lunch participation figures for nine school districts in your testimony. Could you provide the comparable (October 1980 and October 1983) student enrollment figures for the school districts covered by your testimony as well as the corresponding figures for free meal participation in these districts (with the percentage change)? Are any private schools included in this data?

Response. Data for the 1980–83 period is not in my possession but could probably be obtained from each of the referenced school districts. To the best of my knowledge, data from these nine school districts related only to public (not private) schools.

Question 8. You indicated your opposition to the Administration's proposal that States not already doing so should assume responsibility for administering various child nutrition programs and eliminating direct Federal administration in such States. Could the States' reluctance to administer these programs be a reflection of the relatively low value placed on the programs by these States? For instance, why has California not administered the summer food service program?

Response. I have no information as to why other states decline administration of child nutrition programs. California has administered all child nutrition programs, including the Summer Food Service Program, for a number of years. We stopped administering the Summer Program in 1979 due to management problems with the program. Some of these problems resulted from budgetary and employment procedures that may have been unique to California. However, the most significant problem resulted from late federal regulations, inadequate regulatory controls for fiscal accountability at the local level, and inadequate funding for state staff.

Question 9. Recent legislation has proposed that the ceiling on high tuition private schools that can participate in the school lunch and breakfast programs (now set at $1,500) be removed. Do you support this provision? How many private schools have tuitions above $1,500? How many would you expect to participate in these programs?

Response. ASFSA believes that private as well as public schools should be encouraged to participate in the program. We have supported current legislative proposals to raise the tuition ceiling from $1,500 to $2,500. We do not have current information on the number of private schools with tuition above $1,500 nor can we accurately predict how many of these schools would participate in the program. I believe this data is available from the Congressional Budget Office.

Question 10. Two pieces of legislation have been introduced which would expend the special milk program. One would restore the program to all schools from which it was eliminated in 1981 (that is, schools with other meal service programs). The other would restore the program to kindergartens (with other meal service programs). One reason for the change in 1981 was the claim made by many, including school food service personnel, that much of the milk served in the special milk program was wasted; children received meals at which milk was served and did not want, or drink, the additional milk. The waste was said to be especially large among younger children. Do you see a need for any expansion of the especial milk program to schools where milk is typically provided at breakfast and lunch?

Response. ASFSA believes food must be conserved and not wasted. In terms of expanding the Special Milk Program, it would seem appropriate to restore certain parts of the program so that children who are not able to participate in the school lunch or breakfast programs would be able to obtain milk at school.

Question 11. In your testimony you advocated a "feasibility study or pilot project on various methods of operating a self-financing school lunch program for all children." Do you have any estimate of the cost of initiating such a feasibility study or pilot project that would be nationally representative? What are the participation assumptions that were used to arrive at your estimated increased cost of $3.3 billion for a national universal school lunch program? What amount of money would be saved from the elimination of what you described as the "costly and burdensome

business of having to document and verify the income of families participating in the program"?

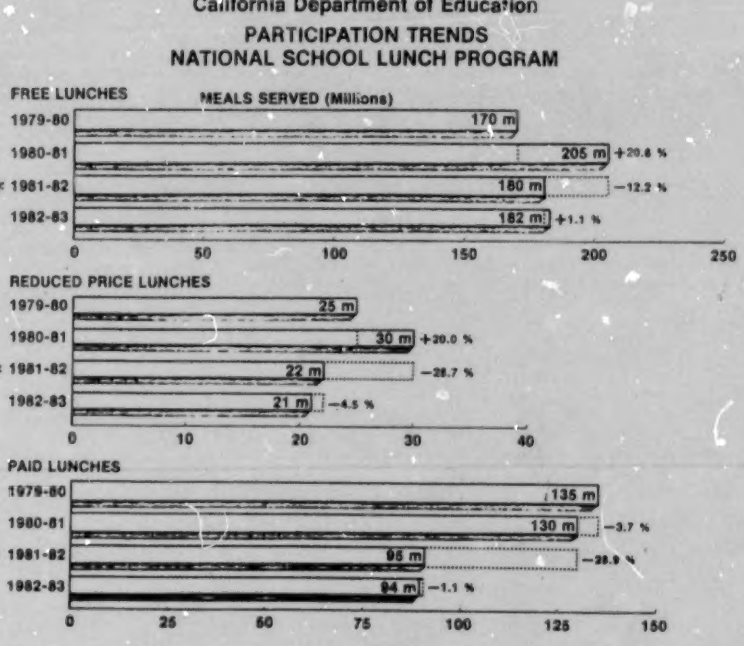
Response. The preliminary data used to support our request for a feasibility study was obtained from the Senate Committee on Budget and the Congressional Budget Office.

Question 12. What is the basis for your statement that privately owned operators of school food service would not benefit the school lunch program and the children it serves?

Response. This question is not clear. I don't recall making this statement. If you could cite the section of testimony referred to here, I will clarify these comments.

Question 13. Legislation has been introduced which proposes to provide Federal funds for the transportation and storage of commodities. According to the Congressional Budget Office these Federal dollars "largely substitute for current State and local spending for these activities" at a cost of $14 million in fiscal year 1985. Do you support this provision? If so, why should the Federal government assume a new, additional financial burden for costs which traditionally have been borne by the States?

Response. ASFSA supports the limited use of federal funds for the transportation and storage of commodities. In reality, when local school food authorities pay the state for these costs, it serves as an additional cut in Section 4 funding. We believe schools should get full value of commodities without redirecting meal reimbursements. To require local school food authorities to pay state costs undermines the integrity of the commodity distribution program. We have worked very closely with commodity organizations in an effort to resolve this objection to the commodity program. We felt this wide but small new program would solidify support for the commodity distribution program.



Senator DOLE. Sharon, you're next.

We are honored now to have a Kansan before our committee, Sharon Evans, director of food service from Kansas City, KS.

Sharon, we will make your entire statement a part of the record. Any way you wish to proceed is fine.

STATEMENT OF SHARON EVANS, DIRECTOR, FOOD SERVICE FOR PUBLIC SCHOOLS, KANSAS CITY, KS

Ms. EVANS. Thank you, Senator.

I have a copy of my statment.

I, first of all, would like to make it perfectly clear that I am here as a program administrator only. I am not here as a spokesman for Kansas City School Food Service Association nor certainly the American School Food Service Association.

I would at this time just like to read my brief statement, because I am more comfortable reading it than I would be to do otherwise.

Senator DOLE. Fine.

Ms. EVANS. I am Sharon Evans, director of food service for the Kansas City, KS, public schools, and I have been associated with school food service of the past 19 years.

I thank you for the opportunity to share my concerns related to S. 1913. But first I would like to give you a little information about my district and community, and how these relate to a couple of the provisions of S. 1913.

Kansas City, KS, is the third largest school district in the State of Kansas, and one of three Kansas districts encompassed within the metropolitan Kansas City area. Our district consists of an inner city and a suburban area. A majority of the city's population are blue collar workers, since the largest employer is the General Motors Assembly Plant in Fairfax.

Our student population is 21,426, and of that number approximately 13,500 students participate daily in the National School Lunch Program. An additional 5,000 students purchase food a la carte. There are no breakfast programs in the district. Lunches are prepared by 325 employees, and served in 52 schools combining onsite, base, and central kitchen preparation centers, with an elaborate satellite system of bulk transported and preplated meals.

All secondary schools have a closed campus. Many students ride the bus to school as a result of an extensive court approved desegregation plan. The district has a racial mix of 47 percent white, 45 percent black, 6 percent Hispanic and 2 percent Asian and others.

My school district has several unique qualities and is comparable on a smaller scale to many large inner city school districts. We have forced busing; we have a 50–50 racial mix; we have considerable poverty; we have declining enrollment; but we have a strong community that supports its schools.

During the early 1970's, when school enrollments were mushrooming, and building bond issues were being defeated across the Nation, Kansas City, KS, approved a $24½ million expansion program that would make school lunch available to all students in our district.

We have a conservative community that works peacefully to resolve its problems. While smoke from racial disturbance hung above Kansas City, MO, in the late sixties, across the Kansas

River, Kansas City, KS, watched. Believe me, the potential for violence was there, but it never erupted.

Our community is a cross section of America with Croation, black, Catholic and WASP. We have welfare recipients, as well as people raised with a strong Kansas work ethic. It was these working families that withdrew or withheld their support of the lunch program following the budget cuts of the Omnibus Reconciliation Act of 1980 and 1981.

These families felt a case of reverse discrimination. They felt they were paying twice—once as taxpayers, and again as parents, when their children participated in the school lunch program. It was a case of double indemnity. We are gradually gaining their support back, but it is a slow process and an uphill battle. I am afraid the gain over the past 2 years will be eroded if increased support is isolated to one category, namely, the reduced-price meal.

At this time I would like for us to turn to page 4 for a brief statistical review of my district over the past 5 years.

First of all, I would like to point out that the free meal participation has increased. You can see from 1970, the percentage of participation was 50 percent, and current 5 months to now it has increased to 58 and 59 percent. So we have had a gradual increase of our free meal participation.

Our average daily participation, of course, has dropped off. It has dropped drastically with the Reconciliation Act. It has plateaued, and is starting to climb now, and has for the last 3 years.

Senator DOLE. The 16,015 figure includes all students, is that right?

Ms. EVANS. Yes. In 1979 our average daily participation was 16,000. It is now 13,800.

Senator DOLE. Right.

Ms. EVANS. You can see that our enrollment has declined, and it declined at the rate of approximately 400 students a year.

I would like to point out the percentage of enrollment served, that means the number of students enrolled in the district, how many of those participate in the program. You can see in 1979 we were at 69 percent, it dropped down to 61 percent in 1980, 1981, and 1982, and it has now climbed back up to 64 percent.

I should point out that we have approximately 3 to 7 percent absenteeism in our district per day.

All right, the next line indicates our lunch prices. You can see in 1980 it was 70 cents, it has now jumped to 95, and we have held that steady. Reimbursement rates are just a point of information.

I would also like to point out that our a la carte sales have increased from 1979, it was a little under $2,000 a day, we are now serving or receiving about $3,100 a day a la carte. Now, that is for—that is gleaned from 11 schools, 11 secondary schools.

I say to you, 40 cents is not an unreasonable price to pay for lunch. Nor is 95 cents unreasonable. So why single out one category to receive concessions? Why not spread it across the board to all categories? But better yet, let us not increase entitlement program budgets at all. Middle-income Americans are already overburdened by the huge national deficit.

My other concern with S. 1913 pertains to the repeal of provisions provided for in the Omnibus Reconciliation Act of 1980 and

1981. If you are going to repeal provisions, why did you put us through the cuts originally?

Facing those cuts was no easy task. It was tough and difficult and scary. Tough for employees who had no job security for 8 months, and I am talking about those powerless people. It was difficult to reduce the force, to establish productivity standards, to detail work schedules, to evaluate staff assignments and to evaluate serving techniques. It was scary facing the uncertainty of unknown reimbursement rates. But we did survive, and our programs are stronger as a result.

During the summer of 1982, Secretary of Agriculture John Block spoke at the National Conference of American School Food Service Association in Denver, CO. He was asked if Federal moneys would be restored to child nutrition programs. Being a good pig farmer from Illinois, and since then I understand that the more sophisticated expression for that would be pork producer—but any way, being a good pork producer from Illinois, he answered, "once a baby pig is weaned from the mother sow, one does not turn around and give it back to the sow." Let us not give the baby pig back. Let us not regress and turn away from the progress made over the past 2 years.

In closing, I urge you to recall the original intent of the National School Lunch Program established in 1946. That intent was to protect the health and well-being of all the Nation's children.

We need the continued support of Congress, not necessarily any more, but certainly not any less.

Thank you.

Senator DOLE. Well, thank you very much. What is the unemployment rate in Kansas City, KS?

Ms. EVANS. You know, Senator, I do not know.

Senator DOLE. It is fairly high, but it is not as high as Akron, OH.

Ms. EVANS. No.

Senator DOLE. Again, we have the automobile industry there which is the biggest employer, and they have been in a state of depression for some time.

Are you suggesting that participation in the reduced-price category has not decreased significantly?

Ms. EVANS. Certainly.

Senator DOLE. You have not had that much of a drop in the reduced price?

Ms. EVANS. No. Very stable. Nine to ten percent all along.

Senator DOLE. Do you personally know of people who have had to drop out of the reduced-price category?

Ms. EVANS. I do not personally know of any, no.

Senator DOLE. I was just wondering what happens to that child during the school lunch time whether they are in the a la carte section, or they bring their lunch.

Ms. EVANS. You know, of course, our statistics do not indicate that the reduced-price students have dropped out, you know, that we lost them. We lost the paying students, and really feel that those students are participating through a la carte sales.

And just an observation, I do not see many brown bags in our cafeterias, at all.

Senator DOLE. In other words, the bottom line is that you think the program is probably working fairly well?

Ms. EVANS. I feel, for my district, it is working very well. Very well.

Senator DOLE. I have no further questions. There is a difference of view here.

Ms. EVANS. I know there is.

Senator DOLE. That is why we have hearings. If everybody agreed on all issues, we would not have to hold hearings. Thank you very much.

[The following information was subsequently received by the subcommittee:]

ADDITIONAL QUESTIONS SUBMITTED TO MS. SHARON EVANS BY SENATOR JESSE HELMS, AND ANSWERS THERETO

Question. As you know, legislation has been introduced to restore a special medical deduction for families applying for free and reduced-price meals which had been eliminated in 1981. My recollection is that many school food service people had told me that such a deduction was an enormous administrative burden, complicating the process of verification and increasing the costs. Do you support or oppose a return to a special medical deduction?

Answer. I oppose this deduction.

Question. What part might increased verification, declining school enrollment, or elimination of high tuition private schools have had on declining reduced-price participation?

Answer. In my opinion, those have had no impact.

Question. Recent legislation has proposed that the ceiling on high tuition private schools that can participate in the school lunch and breakfast programs (now set at $1500) be removed. Do you support this provision?

Answer. No.

Question. Two pieces of legislation have been introduced which would expand the special milk program. One would restore the program to all schools from which it was eliminated in 1981 (that is, schools with other meal service programs. The other would restore the program to kindergartens (with other meal service programs). One reason for the change in 1981 was the claim made by many, including school food service personnel, that much of the milk served in the special milk program was wasted; children received meals at which milk was served and did not want, or drink, the additional milk. The waste was said to be especially large among younger children. Do you see a need for any expansion of the special milk program to schools where milk is typically provided at breakfast and lunch?

Answer. No, I see no need to expand today's program.

Question. Do you see any need for a "feasibility study or pilot project on various methods of operating a self-financing school lunch program for all children", as recommended by some?

Answer. Yes, but at the elementary level only.

Question. Legislation has been introduced which proposes to provide Federal funds for the transportation and storage of commodities. According to the Congressional Budget Office these Federal dollars "largely substitute for current state and local spending for these activites" at a cost of $14 million in fiscal year 1985. Do you support this provision? If so, why should the Federal government assume a new, additional financial burden for costs which traditionally have been borne by the States?

Answer. I cannot answer this question because Kansas does not receive commodities. We do receive "bonus" commodities and are responsible for pick-up and distribution from federal storage.

Senator DOLE. Patricia Maltz and Nancy van Domelen, you're next. Congressman, are you going to introduce them? If so, I will put you on earlier.

STATEMENT OF HON. HAROLD S. SAWYER, A REPRESENTATIVE IN CONGRESS FROM THE FIFTH DISTRICT OF MICHIGAN

Mr. SAWYER. Mr. Chairman, I am not here to contribute as an expert to this, but I am here to contribute an expert, let us put it that way.

I have with me Nancy van Domelen from Aspen, CO, but late of Grand Rapids, MI, and her husband, Peter, who happens to be here, is one of our outstanding lawyers, and one of my partners in my law firm for many years, and suddenly decided that the lure of the mountains was more for him, so he resigned a very valuable partnership, resigned from the board of our leading bank, and took off for Aspen, and has started from scratch, with four children, and has succeeded immensely out there.

So I am very proud to introduce to you Nancy van Domelen, who incidentally was the brains of that family. Peter was a nice guy.

Well, any way, I am very, very pleased and proud to present Nancy van Domelen.

Senator DOLE. Thank you very much. I do apologize, you must have other things on your schedule, but it is good to listen to these witnesses.

Let us see, how are we going to start.

Pat, do you want to start first?

Ms. MALTZ. I think Nancy has some statistics.

Senator DOLE. Nancy, you go first.

Let me say at the outset that your entire statement will be made a part of the record, and you can proceed in any way you wish.

STATEMENT OF NANCY VAN DOMELEN, PRESIDENT, BOARD OF DIRECTORS, WILDWOOD CHILD CARE PROGRAM, DENVER, CO

Ms. VAN DOMELEN. Thank you very much.

I have a copy of the testimony, and I am just going to summarize,[1] and I also brought with me, because I thought you might be interested, it is a book on nutrition for daily care providers, that was produced by the Child Care Food Program's sponsorship, and it came through the training program. I thought you might be interested in it. We published it a year ago, and we have printed about 7,000 copies, and it is being used throughout the country, and it was purely because of the NET funds that it was possible.

Senator DOLE. I always sort of liked those NET funds. They got lost somewhere.

Ms. VAN DOMELEN. I would like to thank you, Senator Dole, for your past support for the Child Care Food Program. I am not currently employed by an agency working with the Child Care Food Program, but I think the value of the testimony that I bring is possibly twofold.

I directed a statewide sponsorship of the Child Care Food Program in the State of Colorado for the past 7 years, just completing that role in December. I also—during that period of time, we functioned for 4 years with means testing criteria since 1976 through 1980, and we functioned for 3 years without it. We saw a dramatic

[1] See p. 125 for the prepared statement of Ms. van Domelen, with attached above-referred-to book.

difference, which I hope that I will have an opportunity to speak to.

Possibly the other experience that I bring is just peripheral, as I was selected official of the Aspen School Board, and served as president for 3 years, and I served in that position for 5 years.

I understand what you are going through trying to look at needs, analyzing priorities, and then having dwindling financial resources. I am very sympathetic to that position.

I was asked to write a position paper because of my 7 years of experience in the Child Care Food Program, because of the sponsor's program, and that is basically what you have before you, and in the position paper what I did was I dealt with two major issues.

The first issue was just an issue of child care in the United States. In the past 7 years I have seen a dramatic change, not only in Colorado, but following it nationwide, and I think my approach is possibly different from some of the other people who will be testifying here.

I am coming from the standpoint of the working parents, and what the working parents' needs are, and how that group is constituted. There was an old status, I guess, I really am hesitating because Senator Gary Hart from Colorado is using this concept of old and new, so I think I am going to change my words a little bit, but I think there is more a former condition and a new reality for working parents that we all have to be aware of, and the first reality is that 60 percent of the American mothers are now working, and the number that is working, that have children from infancy through 2 years of age, is increasing.

This number is supposed to increase at lesser rates throughout the rest of this decade. This is almost revolutionary in nature from where we were 15 years ago.

Another important point is that child care is being used by families of all socioeconomic backgrounds, not just the working poor, as it used to be, and that parents are considering child care to be beneficial for their children, whereas in an earlier time it was considered an option that low-income parents or parents who were having problems with their children and needed to place them outside the home, that is no longer the case.

Women have moved into the work force in large numbers, and what is happening is that working women are having real difficulty finding child care. The reality out there, Senator, is that the salary of the mother, the working mother, seems to be setting the rate, the cap on what the family day care provider will charge. It is not the combined salary of the mother and the father, and I would like to just refer to that in a minute, as to what it means to the day care provider who is purchasing the food and offering the labor.

Also, I think that there is a dramatic change in that parents are really looking to the Federal Government to establish basic standards. I think parents—working parents of a new constituency, and they are saying we need care for our children that is affordable, accessible, available, and improved in quality. And I think that they are looking to the Federal Government to set up some basic standards.

I think they are looking to the State and local government to enhance their programs, but the role of the Federal Government is setting a basic standard. Right now it is the Department of Social Services that sets the standards for safety within the home, and it is the Child Care Food Program that is setting the standard for the types of food the children are being offered.

So I just, in the first part of this paper, I have dealt with that reality, which is very different than what we were experiencing even 10 years ago, and I think this is something that, when you are looking at priority setting, hopefully you will take into consideration.

The Child Care Food Program, as you know, has about 700 sponsors nationwide, and they are serving roughly 720,000 children. I do not agree with some of the information that has been given here, and I would like to point that out, particularly in the role of—in regards to the parents and the family day care provider. The parents, particularly.

Means testing, or income eligibility criteria, its basic premise is that parents that have children from high-income homes are being served by the Child Care Food Program in excess of low-income and middle-income parents.

The National Day Care Home Study which was done by the Department of Health and Human Services counters that. It says basically that the parents who are putting their children in family day care homes are parents from low-income families, that the mean income of these parents is from $12,000 to $15,000 a year, which is below the average. So it is not basically high-income families that are basically placing their children, that has been our experience in Colorado and throughout the States.

Senator DOLE. Not even $18,000 is considered high income.

Ms. VAN DOMELEN. No, and $12,000 to $15,000, if you are spending—the figures are that they are spending about—parents are spending about 10 percent of their income on child care, that means $1,200 to $1,500 per child. That is not high enough rate of pay. It really requires some degree of subsidization. So we have parents from low- and middle-income families.

Senator DOLE. If I had $18,000 staff people making decisions, rather than $50,000 staff making decisions——

Ms. VAN DOMELEN. The largest proportion of children that are placed in the family day care, and this is one of the greatest advantages, I do not know whether people are aware that family day care serves more working parents than any other type of care, center-based care, outside of relative care, and so parents are moving to this type of day care because it is affordable, because it is a small setting, and they feel they can care for the children.

So then we have to look at the day care provider, the person offering this care. She is taking care of basically children from a wide range of economic backgrounds in her home. There is not just a home of low-income children. Usually there is a diversity, and what she does is she charges a single rate, the going market rate, and basically it is in the low-income level. She herself is generally a high school graduate. She is earning mean income per year from her day care operation, of $10,000 per year, for $1.92 an hour for her services.

When she participates in the Child Care Food Program it more than doubles her food costs to establish that standard. And yet, as the act study pointed out, it is only covering 35 percent of her food service. So she is taking on that additional expense in order to set that standard, and she is not even beginning to break even on it.

So here we have low income, caring for the children of working parents. These people are not receiving an adequate return on their care, and the only thing that is assisting them is the Child Care Food Program. The Child Care Food Program is bringing in a partial subsidy for their direct aid, and to cut back on this, and resort to means testing, will dramatically affect them.

We had a 200-percent increase in the Wildwood Child Care Program in Colorado after means testing was eliminated, in the first 9 months, and we brought in children of low-income parents, as well as middle income, as well as high income. And I guess it is a point that I would like to make, is that it is the Federal Government's responsibility to set the standards in certain basic levels, from a sponsorship, from a sponsor's standpoint, I can tell you that it increased the administrative paperwork geometrically, to have to pull in income documentation information on 727,000 children nationwide. It is a very complex process.

The day care providers do not like it, because they are in small, intimate settings, in neighborhoods, and they do not like to gather income information. They find that there are discriminatory aspects that occur there toward children, no matter how hard you try, it does happen, and basically all children are subsidizing the program.

And so I guess I would like to conclude perhaps with asking that you give very serious consideration to this means testing, which I know you are doing, and to not introduce it back into the Child Care Program, it would diminish the participation significantly, and it is going to hurt all the children, low income, middle, and high, that you look to whatever you feel is appropriate within this program, and as far as reinstating any money that is something I cannot speak to. You have a much broader issue which you must deal with.

But I think over and above that, finally, we desperately need in this country, a national child care policy, a policy that will identify the program for children, a national program for children, and that will include direct aid and indirect aid and will look at the funding, and how that is done. I think that that needs to tie into all this.

In the meantime, all we have is the Child Care Food Program for those children of preschool age.

Thank you.

Senator DOLE. We will make the analysis a part of the record.[1]

[The following material was subsequently received by the subcommittee:]

ADDITIONAL QUESTIONS SUBMITTED TO MRS. NANCY VAN DOMELEN BY SENATOR JESSE HELMS

Question 1. What is the basis for your statement that the family day care homes of the child care food program serve primarily low and middle income working fami-

[1] See p. 126.

lies? I believe that one of the discrepancies in the income levels of families served by day care homes may be due to the different date of the studies being used. The National Day Care Home Study to which you referred was published in September 1981, but examined day care homes during an earlier time period. The September 30, 1982, OIG report on Quality Child Care, one of the largest family day care home sponsors in the Nation, was based on participation in September 1981. The report prepared for the Department of Agriculture by Abt Associates (published August 2, 1982) examined day care home participation in January 1982.

The latter report concluded "The most important factor explaining the recent growth of the (day care home) program is the ability of sponsors to recruit homes serving middle-income children. . . . Prior to (eliminating income-based reimbursement rates) only 32 percent of the children served in participating family day care homes were in the paid income eligibility category; by January 1982, more than 60 percent of these children were in the paid category."

Do you have any nationally representative statistics on current participation in day care homes which would contradict the findings in these two reports?

Question 2. Do you have any evidence to support your contention that a return to a means test will result in day care home providers (in the child care food program) actually discontinuing day care? Those providers that serve primarily nonpoor children may decide that reduced Federal reimbursements no longer make participation in the child care food program worthwhile, but what makes you suggest they would discontinue offering child care altogether?

Question 3. Nationally, participation in the child care food program by day care homes increased even during the period in which the means test was in effect. You mentioned that Wildwood Child Care Programs participated during this earlier period. Didn't the number of providers sponsored by Wildwood (and the number of children provided meals) increase during the period in which the means test was in effect?

Question 4. Even with the rapid growth of day care homes participating in the child care food program, only 8 percent of all homes participate in the child care food program. Even if we accept your assumption that some current providers may drop not only from the child care food program, but from offering any child care, it would seem that there are many other providers available to provide child care. Why should we expect an overall reduction in the availability of child care simply from reinstating the means test?

Question 5. You indicated that most day care home providers do not use a sliding scale in setting rates, but generally charge a single fee to all parents regardless of income. Is there anything that would prevent providers from charging variable rates, based on income?

Question 6. How would reinstatement of an income-based means test result in "discrimination toward children"?

Question 7. Are you aware that reintroduction of a means test, as provided in S. 1994, would actually increase the reimbursements made on behalf of poor children from families with incomes below 130 percent of poverty? Day care home providers serving the poor would actually receive increased Federal assistance; only those providers serving children well above the poverty line would receive reduction in Federal reimbursement. If the income of those parents sending children to day care is low, as you have stated, why would you oppose a means test, which would increase Federal reimbursements for children of the most needy families?

Question 8. For the record, I think it important to note that all of the figures used in your testimony regarding salaries of those sending their children to day care homes, providers, and average day care costs represent figures which are now at least three or four years old. Doesn't this lead to misinterpretation of the current situation with regard to day care homes?

Question 9. As you know, the Administration has in the past proposed total elimination of the Federal funding for day care homes. Isn't the reinstatement of a means test a more moderate approach rather than total elimination? Surely homes would rather collect income information than have no day care homes participating at all.

Question 10. Some have questioned whether day care homes (which are "for profit" businesses) should be permitted to participate in the child care food program at all. In other Federal nutrition programs participation by "for-profit" entities generally is not permitted. Schools and most child care centers all must be non-profit. How do you respond to this criticism?

ASPEN, CO, *June 20, 1984.*

Mr. TOM BONEY, Jr.,
U.S. Senate, Committee on Agriculture, Nutrition, and Forestry,
Washington, DC.

DEAR TOM: After reviewing in depth the questions submitted to me by Senator Jesse Helms following my testimony before the Subcommittee on Nutrition, I regret to inform you that I will be unable to supply you with the response you requested. In order to satisfactorily reply to the issues you have raised would require extensive time and professional research resources which I currently do not possess. I apologize for any inconvenience this matter may have caused you.

Yours truly,

NANCY VAN DOMELEN.

Senator DOLE. Pat, do you want to followup?

STATEMENT OF PATRICIA MALTZ, EXECUTIVE DIRECTOR, QUALITY CHILD CARE, MOUND, MN

Ms. MALTZ. I certainly would.

Thank you very much for the opportunity to be here today. I appreciate the ability to share some of my thoughts about the Child Care Food Program.[1]

I will be speaking specifically about family day care, as Nancy has done, and I would like to supplement a couple of things that Nancy said, to highlight even further in terms of who provides family—or who provides care for infants and toddlers in this Nation.

It truly is family day care, and traditionally they also provide the care for the off-hours, which day care centers are very often set in the hours that they provide, and family day care does evening care, weekend care, it does night care. Those things happen for all various combinations of peoples' work schedules, and people do turn to family day care as the primary care for their children.

My experience in the Child Food Care Program is limited to being the director of a sponsorship that is now in eight States, and in preparing to come here today, we talked about the lining up of those States with the targeting for summer feeding programs, to have no means tests in those areas, that would be in some of the competing areas, and I wanted to share with you that I did look at Minnesota, North Dakota, and Nebraska, much of Illinois, and much of Wisconsin, which are the States that I am definitely involved with, would not have a lot of areas that would fall under the summer feeding program, so if you did do a means test, it would be a means test statewide, and I just think that is an important piece of information to be sharing. I understand that is a similar situation in Kansas, from some of the things that I have been reading.

In Texas, which is another State that we operate in, we have some major cities, but we also serve a number of providers who live outside of those cities, and our focus has been to serve the rural providers, and we also need to have benefits for the programs. I wanted to share that piece of information with you.

Additionally, I want to talk about some things that I heard this morning at the AFSA's meeting, where we talked about long-term spending realities, and the problems that we are in due to the out-

[1] See p. 137 for the prepared statement of Ms. Maltz.

year contracts of the military. I know that sounds farfetched to the issue of child nutrition, but I think it gets to be a bigger issue that I think we need to address, and I will incorporate some of what Nancy is saying about a policy, or child care, and that we do not need to think in terms of what is going to happen this year.

As we look at economic realities for this Nation, family day care is one of the pieces that needs to be in place for us to achieve our economic goals, because if people are not able to find adequate care, they are not going to be employed, or generate the revenue and the income that is needed, and so the whole issue of family day care and what happens when the Child Food Care Program gets tied into that long-term economic issue, and I think it is important that we are not shortsighted and say we are going to do this this year, because it is going to do this on our budget and our deficits, that we do look in the long term, and avoid some of the outyears contracts that we discussed this morning, and the military.

But I think what is important is that the family day care is going to be heard. It is an important part of our economic plan as a Nation. It plays a key role, and the Child Food Care Program is one of the pieces that supports family day care ability to feed. Other pieces have included the exemption from exclusive use in the income tax laws, and also the dependent tax care credit which, Senator, I understand you provided a great deal of leadership for, and we appreciate that.

Senator DOLE. Again, we are trying to make certain that these benefits are targeted to low-income children. We had some families with incomes up to $100,000 getting tax credit, and that is crazy. This is surely what means testing ought to address.

Ms. MALTZ. Well, the family day care providers have had the benefit of the dependent tax care credit for their children, and I think that is important.

The other thing that has been received very receptively is the commodities distribution, and I just want to put in a statement that we do encourage that to continue, our providers have found it very helpful.

In looking at some of the specific things that I have heard being talked about in terms of cuts to the program, I am concerned that if we want to continue to have the outreach going on to the low-income families, some of the very things that are being discussed would prohibit that from happening.

Leaving the program the way it is allows that outreach to continue happening, and allows sponsors to continue to provide the program.

In my testimony I very specifically talk about the reaction from providers that I hear continuously, as I read of the providers who are going to go back to a means test, and providers believe that you are giving them a statement that says we no longer support family day care, when we start talking about means testing, because of the relationship with their parents, that they do not want to be in the position of having to say, ask me, or having to ask parents what is their income, so that they can be involved in the Child Food Care Program.

As a sponsor, the burden that is put on us to process all of those pieces of paper, and do that verification, which is becoming more

and more complicated, and equally burdensome, that is why I have concerns in that area.

My providers tell me that they like the program the way it is, and they would like it to stay that way, and not have any changes in it. I think there are lots of reasons for that, but I wanted to be sure that you get the message that the providers are sharing with me.

I would be happy to answer any questions, Senator.

Thank you.

[The following material was subsequently received by the subcommittee:]

QUALITY CHILD CARE, INC.,
June 13, 1984.

Mr. WARREN OXFORD,
Clerk, Senate Committee on Agriculture, Nutrition and Forestry, Russell Senate Office Building, Washington, DC.

DEAR MR. OXFORD: In response to the questions attached to Senator Helms' letter of April 18, 1984, I submit the following responses.

Question 1. As I know you are aware, the Inspector General of the Department of Agriculture conducted a major audit of Quality Child Care, Inc., completed on September 30, 1982. The audit indicated that 71 percent of the children surveyed, in the OIG sample, had incomes which would have placed them in the "paid" category for other child nutrition programs—above 185 percent of poverty. Another 15 percent were in the reduced-price category and only 14 percent were low income children from families below 130 percent of poverty. The OIG calculated that a potential savings of $5.8 million in fiscal year 1981 could have been realized at this one sponsor alone if provider reimbursement would have been based on income criteria. The Inspector General recommended the reinstatement of the means test. Given the current deficit crisis, how can you rationalize continued Federal subsidies which are clearly being spent on behalf of families well above the poverty line?

Answer. I continue to support the delivery of the Child Care Food Program to all children. I believe that the program as is currently delivered is a wise investment. When compared to the recent information of the cost of other government contracts in what is known as the "out years," I believe the costs of the CCFP to be minimal and the product—a healthy population—of superior quality; therefore, this cost gives a good return on investment.

Question 2. In the same audit, the OIG noted the following areas as needing improvement: (1) inadequate financial management system; (2) large cash advances which were used for nonfood program purposes; (3) inconsistent and arbitrary allocation of costs; and (4) lack of documentation to suppoort contractual arrangements, purchases, and salary costs. Have these aspects of Quality Child Care's management operations subsequently been corrected to the satisfaction of the Inspector General?

Answer. In the follow-up audit, I believe, OIG indicated that these areas have been adequately addressed by Quality Child Care, Inc.

Question 3. You indicated that a means test is "unworkable" in day care homes. As you know, prior to May 1980, this is precisely the method that was used, and over 16,000 homes serving over 70,000 children participated in the child care food program under those circumstances. Why is this approach now supposedly "unworkable"?

Answer. As you know, prior to May 1980, QCCI sponsored 1,500 of the 16,000 sponsored homes. It took 25 work days to process claims for this number of homes even with our computer system. This was due to the significant paperwork necessary to comply with the means test approach. Additionally, the financial risk to the sponsor is great as they are unable to plan their revenue out of which their administrative costs are paid until after all meals are processed. This means that while they are actually processing the paperwork, they don't have any idea as to whether their time will even be paid for, much less all the related costs. There are few government contracts to my knowledge where the contractors are willing to do the work up front but are only paid based on the number of low income clients actually served.

Question 4. Are you aware that reintroduction of a means test, as provided in S. 1994, would actually increase the reimbursements made on behalf of poor children from families with incomes below 130 percent of poverty? Day care home providers

serving the poor would actually receive increased Federal assistance. Only those providers serving children well above the poverty line would receive a reduction in Federal reimbursement.

Answer. I understand that the dollar value would increase for meals served to low income children. I must point out that, first, you must have sponsors willing to take the risks; and secondly, providers willing to participate. Then and only then will the benefit of the nutrition reach the child.

Question 5. How does a means test, intended to target Federal support to the most needy, send the message of no longer supporting family day care homes or children in such homes? This seems like a non sequitur. Nationally, the number of providers participating (and the number of children served) increased even prior to the elimination of the means test in May 1980. Similarly, didn't the number of providers sponsored by the Quality Child Care (and children provided meals) increase even during the period during which the means test was previously in effect?

Answer. Family day care providers tell me they serve children. They serve them all the same meals regardless of the economic status of the family. They tell me they do not intend to ask parents for income information or social security numbers as they feel it is not any of their business. Therefore, implementing this proposed change is received by family day care as the federal government no longer being interested in supporting the important work this profession does as the federal government is choosing to put unacceptable burdens on the provider therefore removing the benefit the provider receives from the program.

CCCIs program grew prior to the means test for the following reasons: (a) The means test would soon be eliminated and one only had to indicate the number of people in a family and which income category one was in. Today, we are required to get social security numbers and actual sources and amounts of money; and (b) Provider's own children could also be claimed. This is no longer true except for low income providers. This change was prudent and reasonable. It has received good support by providers.

Question 6. Some have questioned whether day care homes (which are "for-profit" businesses) should be permitted to participate in the child care food program at all. In other Federal nutrition programs participation by "for-profit" entities generally is not permitted; schools and most child care centers must be non-profit. How do you respond to this criticism?

Answer. Family day care is generally considered a business that operates at very little excess income over expenses. The individual works long hours (10 to 12 hours per day) at an annual gross salary of $8,700 to $10,000 per year. This hardly equates to a "for-profit" environment as all expenses must come from the income.

I hope these responses provide the input Senator Helms was seeking. I appreciate the opportunity to provide this and apologize for my tardiness.

Respectfully,

PATRICIA MALTZ, *Executivie Director.*

Senator DOLE. Hal, do you want to make any statement?

Mr. SAWYER. No, I rather enjoyed this. It is educational.

Senator DOLE. It is very interesting.

Mr. SAWYER. You do not usually get this high level testimony over on the other side of the Capitol.

Senator DOLE. Well, I do not want to touch that subject. They are outstanding witnesses—I will agree with that.

We do not have any preconceived notions, but we do have some rather serious problems.

There is a statement in the committee report which I will ask to have placed in the record, based on OIG audits of large multi-State sponsors of the program, such as Quality Child Care, Inc., where they found only a very few children below the poverty line were participating in the program.

Means testing may be a way to address the problem. We are now looking at some programs, like medicare, that are not means-tested because they have gone from zero to $68 billion, and headed for $100 plus billion in 6 or 8 years.

Maybe means testing is not the best way, and maybe there is another way to make certain that we are helping those who need it

without subsidizing those who ought to be paying their own way. I would never buy the idea that all children, regardless of their parents' income, ought to participate in all these programs, and I do not know how they could, unless we are talking about the School Lunch Program.

Ms. VAN DOMELEN. Senator, could I speak to that?

Senator DOLE. Briefly, because we have two more witnesses.

Ms. VAN DOMELEN. The point that I wanted to make is that you have to go back to the family day care service, she is not charging a higher rate to those parents, she is charging what the going market rate is to those parents, and which is low.

I think there is a presumption here that she is passing it on, and it is just not the way it is working.

Senator DOLE. No, I am not quarreling with the problem that it creates, but I do not know how we could run it.

Ms. MALTZ. I think there are two things worth pointing out.

Number one is that we knew that before they give OIG. If anybody asked, we would have told them

Senator DOLE. That would not have made any difference.

Ms. MALTZ. Well, it would have saved some money.

Second, I think it is important that you—that the record also recognizes that Quality Child Care, Inc., does not represent all of the homes of this Nation, and I know at the same time with that that we were maintaining that the 30 percent price grouping that we had a number of other sponsors that were at 96 percent, 85 percent, 95 percent, so to us child care in that study has a basis for decisions, I think.

Senator DOLE. Yes, I have not suggested doing that, but there is a hearing report—something has been called to our attention.

Well, we appreciate your assistance very much. We will be trying to figure out a solution to this concern.

[The report referred to above by Senator Dole follows:]

[Food and Nutrition Service, Child Care Food Program, multi-State sponsor of family day care homes, Quality Child Care, Inc.; Mound, MN—Audit Report No. 27639-1-Ch]

AUDIT REPORT—U.S. DEPARTMENT OF AGRICULTURE, OFFICE OF INSPECTOR GENERAL

IX—DETAILS OF AUDIT FINDINGS

Income Eligibility Criteria

1. Public Law 95-627 provides that effective May 1, 1980, meals served in family day care homes were to be reimbursed at a flat rate regardless of parent income. Prior to May 1, 1980, reimbursement was based upon the income of the children's parents. Effective January 1, 1982, children of the providers need to meet family-size income standards for free or reduced price meals but children from other families still are not required to meet any income criteria. We believe the legislative change of May 1, 1980, has unnecessarily increased program costs.

Our audit of QCCI, one of the largest family day care home sponsors in the nation, has disclosed what we believe to be a serious problem which indicates the need for legislative change in the program. Prior to May 1, 1980, the income statistics QCCI used for reimbursement purposes were 70 percent paid, 18 percent reduced, and 12 percent free. From a universe of QCCI's 5,715 providers who participated in September 1981, we randomly selected 200 providers. Using income poverty guidelines (the same guidelines used for the School Lunch Program and Day Care Centers) we asked parents of enrolled children what income range their family income would fall in. Our sample results show that the income mixes were 71 percent paid, 15 percent reduced, and 14 percent free. These income statistics are

almost the same as the income mixes QCCI used for reimbursement purposes prior to May 1, 1980.

We computed that a potential savings of $5.8 million in FY 1981, could have been realized at this sponsor alone if provider reimbursement would have been based on income criteria. We also estimated possible program savings of $36.5 million in FY 1981 and $34.9 million in FY 1982, if other family day care home sponsors had income mixes similar to QCCI. These amounts were determined as follows:

QCCI PROGRAM REIMBURSEMENTS FOR FISCAL YEAR 1981

	Actual without income criteria	Calculated with income criteria	Possible savings	Percentage reduction
Provider reimbursement	$11,155,068	$5,397,509	$5,757,559	52
Sponsor administration	1,617,846	1,617,846	0	0
Total sponsor reimbursement	12,772,914	7,015,355	5,757,559	45

Using data supplied by FNS, the following effect on total program outlays nationwide is possible:

1981:	
Number of meals in centers	388,785,461
Number of meals in homes	151,667,671
Total meals	540,453,132
Percentage in homes (151,667,671—540,453,132)	28.06%
1981 actual expenditure (homes + centers)	$290 million
	×28%
Actual expenditures—homes	$81 million
Reduction based on income criteria (QCCI)	×45%
Possible saving 1981	$36.5 million
1982 budget (homes + centers)	$276.9 million
	×28%
Budgeted—homes	$77.5 million
	×45%
Possible savings 1982	$34.9 million

We issued an interim letter report on February 25, 1982, to the Administrator of FNS addressing this issue and recommending that FNS reinstitute the income eligibility criteria for family day care home participants as is currently required for day care centers.

FNS informed us that they had no data to support the assumption that QCCI is representative of the total population of family day care homes nationwide. The most recent data FNS had available on national participation for all family day care homes shows that as of May 1980, 47 percent of the children were eligible for free meals, 24 percent of the children were eligible for reduced price meals, and the remaining 29 percent were in the paid category. FNS indicated that Abt Associates, Inc., was finalizing an evaluation of the CCFP and the report was expected to contain national data on free and reduced price eligibility in family day care homes. FNS added that any attempts, at the national level, to restrict the eligibility of recipients by income would not be appropriate at this time because current proposals are to eliminate the CCFP and replace it with a General Nutrition Assistance Grant which would give maximum flexibility to States in administering the new program. FNS agreed that Federal funds should be targeted to those most in need and agreed to consider a parental income test in family day care homes if the current structure of the CCFP is retained.

The preliminary report on the evalution of the Child Care Food Program by Abt Associates, Inc., indicates that in December 1981, between 57 and 67 percent of the children served in family day care homes would have been in the paid income eligibility category. Unless the current structure of the CCFP is eliminated, FNS needs to reinstate income eligibility criteria for family day care home participants.

10 PERCENT ADMINISTRATIVE REDUCTION

2. Public Law 97-35, the Omnibus Reconciliation Act of 1981, enacted August 13, 1981, mandated an adjustment in the maximum allowable levels for administrative expense payments (for organizations which sponsor day care homes) * * * so as to achieve a 10 percent reduction in the total amount of reimbursement provided to institutions for such administrative expenses. Congress directed the Department to "increase the economy of scale factors used to distinguish institutions that sponsor a greater number of family or group day care homes from those which sponsor a lesser number of such homes." The Department replaced the three-tiered structure used to determine maximum reimbursement with a four-tiered structure and established new rates in all four tiers. The rates for the tiers are as follows:

	Per home
1982:	
First 50 homes	$42
51-200 homes	32
201-1,000 homes	25
Each home over 1,000	22
1981:	
First 25 homes	53
26-75 homes	41
Each home over 75	35

We applied the new rates which became effective January 1, 1982, to QCCI's operations for FY 1981, to determine if the new rates would result in a 10 percent reduction in administrative expenses. We determined there would have been only an 8.6 percent reduction in administrative expenses. As a result, the mandated 10 percent reduction in the total amount of reimbursement provided to sponsoring organizations for administrative expenses may not be achieved.

This issue was also presented to the FNS Administrator in our interim letter report issued on February 25, 1982. FNS responded that traditionally QCCI has received lower per home administrative payments than other sponsoring organizations. Therefore, a reduction in payments of 8.6 percent for QCCI does not necessarily indicate that the 10 percent reduction will not be achieved nationally.

Senator DOLE. Our next witness is Armand Ball, Jr. While he is coming up, I need to step outside with my Kansas group here. We are going to have our picture taken.

[Short recess.]

Senator DOLE. Mr. Ball, you may proceed in any way you wish. I have some information here and your entire statement will be made a part of the record. I appreciate your coming.

STATEMENT OF ARMAND BALL, JR., EXECUTIVE VICE PRESIDENT, AMERICAN CAMPING ASSOCIATION, MARTINSVILLE, IN

Mr. BALL. As you know, the American Camping Association represents summer camps for children, run by all sorts of organizations and groups, but I am here to speak particularly for a group of our camps that serve low-income youngsters.[1] These are primarily camps that are operated by national youth serving organizations, and religiously affiliated groups, which give their primary attention to serving low-income youngsters. They have been participating since the inception of the program, the Summer Feeding Program, and are very concerned to see that it continues.

We have found it a very valuable program in several ways for summer camps. The previous witnesses spoke to the growing concern around child care in this country, and the number of working parents, the number of single parent families. All of these factors have contributed to the importance of the summer camp, in terms of providing some care for youngsters, who otherwise would be run-

[1] See p. 135 for the prepared statement of Mr. Ball.

ning in the streets, and be without daytime home care during the summer.

We are very concerned that the Summer Feeding Program continue to provide them the sort of nutritious meals that they have had during the school year. We see no reason to lapse that program for 3 months a year, and let those youngsters continue on whatever sort of diet they can manage.

We have found that it not only has provided good nutritious meals, it has much upgraded the sort of meals that these camps have been able to serve. It has brought the use of the contributory dollar, which really provides these experiences for children, to make it possible for many more low-income youngsters to go to camp than could go before, and to have the sorts of meals that they do.

We are also very concerned about the proposal to move the program into a block grant to States. We feel that there should be a standard approach, eligibility, nutritional guidelines and then the total approach to nutrition for children at the Federal level.

In fact, there are a number of States that could not provide service to nonpublic entities in their States, and since 95 percent of the camps that provide camping experiences for low-income youth are from the private sector, the nonprofit private sector, they would not be able in those States to receive funds, as I understand it, because the State Department of Education is not allowed, under law, to administer funds to nonpublic entities.

We also have a problem of camps that are operated in one State, and serve youngsters from several States, in the larger metropolitan areas, and those camps would have a very difficult time trying to operate with two or three different State programs, two or three different State levels.

We are also concerned about the possibility that this program might bring about additional paperwork. We have had considerable problems with the increased amount of paperwork, and verification required in recent years under the Summer Feeding Program. It has consumed considerably more dollars in the nonprofit sector than we would have liked, and we fear that that will increase it more if we have to deal with multiple State entities.

So we would very much urge the committee to continue the Summer Feeding Program, to continue it at the Federal level, and to continue it at its present level.

Thank you.

Senator DOLE. All right. I was just scanning through the statement. I think on page 4, where you summarize, you indicate that you have been able to enroll some additional low-income youngsters in camp. Do you have statistics on that? I assume they might be available?

Mr. BALL. Yes, we could certainly try to develop some statistics for you.

Obviously, we are dealing with the voluntary sector, but we would try to do that.

Senator DOLE. You have a number of statements from constituent groups, and it might be helpful if we had some information that might make a difference.

Mr. BALL. We will try to provide that.

Senator DOLE. I think the other questions that I have are more or less answered in your statement, so I will not get into those. Well, I have no additional questions. We appreciate your testimony. As we get into this, we will probably be in touch with you or your association. Thank you.

[The following information was subsequently received by the subcommittee:]

AMERICAN CAMPING ASSOCIATION,
Martinsville, IN, March 20, 1984.

Hon. ROBERT DOLE,
U.S. Senate, Committee on Agriculture, Nutrition, and Forestry, Russell Senate Office Building, Washington, DC.

DEAR SENATOR DOLE: I appreciated the opportunity to speak on behalf of the Summer Feeding Program before the Subcommittee on Nutrition last week. At the time you asked if we had any data regarding the benefit campers had received from participation in the Summer Feeding Program.

Upon return to our office, we have attempted to call a number of the camp directors whose camps participate in the program. We have been able to talk by telephone with 20 directors in 10 different states about the difference the Program had made in their service to low-income campers. With one exception, every director commented upon the fact that the camp had been able to greatly improve the menus served the campers during their stay. One director illustrated it by saying "before the Summer Feeding Program we were serving spaghetti every other day." Over half of those interviewed mentioned that they had been able to increase the quantity of fresh vegetables and fruit, milk, fruit juices served the children. Several mentioned that they were now able to furnish larger portions at mealtime to the campers.

Only one-third of those interviewed indicated that they were able to serve more low-income campers because of the Program freeing up money they had previously spent on food, but those numbers were impressive. One director indicated the camp had served 300 more youngsters from low-income families, another 40 to 50 during that summer. The other camps had full enrollments prior to the Program so could not increase the enrollment, but felt the principal benefit was in the area of increased quality of food and menus providing better nutrition to the youngsters. I should note that almost all of these camps primarily serve low-income families, so the vast majority of youngsters qualify for the Program.

I am sorry that we did not have time to complete a larger survey, but the short time between testimony and the close of the record prevented any extensive survey.

I would like to comment upon the point made by Mr. Bode in his testimony in which he states that the Summer Feeding Program "precludes assurances that program benefits go to low-income children." The camp portion of the Summer Feeding Program requires that eligibility for every youngster be determined on an individual basis. So please be assured that the summer camps are utilizing the Summer Feeding Program only to serve those qualified.

Further, I would like to point out the value to summer camps and low-income youth of two other programs under consideration by your Committee. The Special Milk Program and Summer Commodity Program provide assistance to numerous youth who fall in that gray area just above the 185% poverty level, as well as many who qualify. Many youth organizations who primarily serve middle-income youth have found it almost impossible to justify the expense of verification and administrative paper work required to individually verify their small number of youngsters who would qualify under the Summer Feeding Program. These camps have largely dropped out of the Summer Feeding Program as more paper work has been required. These two programs provide support to those youngsters in a large number of those camps, and probably serve as large a number of low-income youth collectively as are served under the Summer Feeding Program. Without these two programs, these camps would likely be forced to further concentrate their service on the middle-income group.

We urge the Committee to continue all three of these programs.

Sincerely,

ARMAND BALL, *Executive Vice President.*

Senator DOLE. Next is Anita Ellis, assistant director, Society for Nutrition Education. We are happy to have you here, and we will

make your statement a part of the record. If you could summarize it, it would be helpful.

STATEMENT OF ANITA ELLIS, ASSISTANT DIRECTOR, WEST VIRGINIA NUTRITION EDUCATION AND TRAINING [NET] PROGRAM; AND MEMBER, SOCIETY FOR NUTRITION EDUCATION

Ms. ELLIS. I will definitely summarize. Thank you, Senator.[1]

I am Anita Ellis. I am substituting for Kristen McNutt, who hoped to be here, and she extends her apologies. She was unable to change her schedule.

I am delighted to be here, because I do direct the NET Program in the State of West Virginia, and I am here on behalf of the Society for Nutrition Education, which is a society that promotes nutrition education.

I am very thankful to be able to share some of my concerns, and some of the things that I know about the NET Program with you.

First, I would like to address just what the program is supposed to be. The goals of the program are very well established by law, as you know. They are to provide nutrition education opportunities for children, nutrition education for teachers for food service personnel, and then for the development of educational materials and curriculum.

I think the administration has mentioned in their fiscal year 1985 budget proposal that since curriculum has been developed, and that was the objective of the program, it really was time to phase out the Nutrition Education and Training Program.

I do not like to admit how long, but I have been a teacher for a while, and I would like to emphasize that curriculum development is just the beginning of the educational process. There is training that needs to be done with teachers, and it is a continual need.

The NET Program is very important, because it is the first nationwide effort to combine all the elements of the educational process. Teachers dream of these opportunities. We have the perfect setting here. We can teach children about nutrition in the classroom, and then they can practice it in the cafeteria which is a very valuable part of the educational process.

We think that the NET Program is very important in West Virginia—and, of course, all over the country, because we can provide some training for food service personnel. This helps to improve school meal management through controlling costs and maximizing the use of commodities.

Moreover, the training of service workers helps to improve the nutritional value and the quality of meals served, thereby reduces plate waste, as a result.

NET is also very important as a cost-saving measure, because it does ultimately decrease, or can ultimately decrease health care costs. The education of school-age children is thought to be the most cost-effective way in which to develop a nutritionally informed public.

And we know that——

Senator DOLE. If I could just ask, what is it, 5 million now?

[1] See p. 142 for the prepared statement of Ms. Ellis.

Ms. ELLIS. Yes, 5 million.

Senator DOLE. What was it, 15?

Ms. ELLIS. It has been 5 for the last 2 years. It was 26 originally. It is now 5 million. It has been for the last 2 years.

Senator DOLE. Is there enough there to do any good?

Ms. ELLIS. Yes, it does provide some seed money. Of course, it is difficult to administer a program when one receives a minimum grant of $50,000. It is difficult to administer, but it does provide an opportunity to do some things that could not have been done before.

I actually was on the State Department staff prior to the inception of the NET Program, or prior to its enactment, and I can tell you for a fact, I had zero dollars to spend for the program. I had some travel money, but I had zero dollars to spend for the program, and it has helped me a great deal.

Senator DOLE. I think there is a relationship. In the Finance Committee we are dealing with these big, big numbers, with medicare and medicaid, costing taxpayers $100 billion for medicare in a couple of years, and medicaid is up $1 billion or so. We hear all these theories that, if we had better nutrition education, we might avoid some of these costs in medicare and medicaid in later life. Maybe not, but we should try a preventive approach.

Ms. ELLIS. I do not think there is any doubt that it would have to have some effect. You know, there are, studies that prove that our poor dietary choices do cause problems later in life, as far as health is concerned, and if we can avoid some of those, and prevent some of those, it certainly would, in the longrun, I think, have a real effect on medical costs.

Senator DOLE. Nowadays you cannot eat anything, according to some people, without it being a cause of something.

Ms. ELLIS. Well——

Senator DOLE. It might be all right for most of us.

Ms. ELLIS. I would like to share with you just a few things that we think are important. Right now the program is currently operating in 54 States, so although some of us are operating on a minimum budget, we still are operating a program. We have reached about 19 million students, about 600,000 teachers, and about 350,000 food service workers.

You are very aware, I am sure, that the Abt Associates' evaluation that was done in 1981, and the GAO report entitled "What Can Be Done to Improve Nutrition Education Efforts in the Schools?," are quite supportive of the importance and the cost effectiveness of nutrition education.

There have been various educational methods and techniques that have been used throughout the country, one of which was training seminars at the local level, so that people did not have to travel. Another was college nutrition courses, and in West Virginia, particularly, we had done some college courses for food service personnel, and have discovered that a lot of those gals, since being introduced to that kind of a program, have gone on for associate degree programs and bachelor programs, of which we are very proud.

We have some mass media programs going on throughout the country, resource centers, and of course, curriculum has been de-

veloped and is being implemented. We have had some nice interesting results, very impressive, I think.

There has been a decrease in plate waste, particularly in the State of Arkansas, a 45-percent decrease in plate waste. In some States an increase in school lunch participation, and in many States there is documented evidence of increased knowledge on the part of students and teachers and cooks.

We have seen—that food choices among students have improved, we have seen a change in attitude, and more parental involvement.

So I guess what I would really like to emphasize is that there is a lot more than curriculum development, and curriculum does need to be updated. Nutrition is not static. We have new children, and new teachers, and new food service personnel all the time.

We are suffering because of the budgeting cuts; I am sure everyone is saying that; but it is difficult. It has created a need to change our emphasis, and for some States to employ a part-time coordinator. It really is very difficult for a part-time coordinator to administer a full-time program. I know there was some mention this morning that a lot of the current funds were used for staff but I do not think that a lot of States have been able to maintain staff on the funds they are getting now. Funds are slow in coming right after the first of the fiscal year; so it is very difficult to use NET funding for salaries. A part-time coordinator has to develop and plan a statewide program that involves all the children, all the teachers, and all the food service personnel in public schools and private schools and child care centers; that is really more than a full-time job. So it is really quite difficult.

SNE is very concerned about the future of the NET Program. We are not insensitive to the need for budgetary restraints. We would be very much encouraged if we could have the original funding of 50 cents per child, but feel that at least $10 million would be a help, and of course, that would be an increase of $5 million.

Senator DOLE. We have been working on a reauthorization bill that contains $10 million for NET. I have not introduced it yet.

Ms. ELLIS. Now is the time.

SNE strongly supports the permanent authorization that is provided in Senate bill 1913.

I would like to emphasize that we feel very strongly that the NET Program does contain characteristics of which the administration is very supportive; it is cost effective, it is based on the needs of each individual State, it fosters individual responsibility for health, and that is a must.

We feel that we have done a lot in our very, very short existence, but there is a lot left to be done. We feel that continued support and increased funding is a small, but far-reaching investment in the future of the Nation's children.

I would like to thank you again for your time, and appreciate it very much.

Senator DOLE. Thank you very much for coming. I have no questions, but we are obviously pleased to have your testimony.

Ms. ELLIS. Thank you.

[The following material was subsequently received by the subcommittee:]

STATE OF WEST VIRGINIA,
DEPARTMENT OF EDUCATION,
Charleston, WV, June 13, 1984.

Mr. WARREN OXFORD,
Clerk, Senate Committee on Agriculture, Nutrition and Forestry, Russell Senate Office Building, Washington, DC.

DEAR MR. OXFORD: The following is in response to a request for information about nutrition education from Senator Jesse Helms. My apologies for the delay in answering. As you know, the correspondence reached me late due to an inaccurate mailing address.

ADDITIONAL QUESTIONS SUBMITTED TO MS. ANITA ELLIS BY SENATOR JESSE HELMS AND ANSWERS THERETO

Question 1. Do you know of any specific studies to indicate, one way or another, the effectiveness of expenditure for nutrition education? Is there any data to suggest that children (or adults) actually will change their eating habits based on nutrition education?

Answer 1. As to studies which indicate the effectiveness of expenditures for nutrition education, the one with which I am most familiar is a study conducted by the West Virginia Department of Education in 1974–75 which is on file with USDA and at FNIC Library in Beltsville, Maryland. Copies of that report are included in this mailing. Through a nutrition education program of only three and one-half months, educators were able to:

(1) Improve at a .05 significance level the cognitive scores of students in grades K–6 with the exception of fourth grade.

(2) Improve attitude scores at a .05 significance level of children in grades 1–6.

(3) Decrease plate waste in 5 out of 7 items.

Although study results did not indicate a significant increase in school lunch participation of students K–6, principals involved in the project felt there was better participation and that attitudes toward school lunch improved. Similar results were found in the Nebraska Department of Education at this same time. That report is also on file with USDA.

Other states that have evidence of the positive effects of nutrition education are as follows:

State, area, and address of net coordinator—

Arkansas plate waste, Ernestine McLeod, Arkansas Department of Education, Education Building, Little Rock, AR 72201.

Ohio, school lunch participation, Harold Armstrong, Ohio Departments Building, 65 South Front Street, Columbus, OH 43215.

Tennessee, nutrition knowledge, Helen Minns, Tennessee Department of Education, 117 Cordell Hull Building, Nashville, TN 37219.

California, food choices, attitudes toward nutrition. Amanda Melinger, California Department of Education, 721 Capitol Mall, Sacramento, CA 95814.

Florida, parent involvement, Dianne Giordanno, Florida Department of Education, Bureau of Curriculum, Knott Building, Tallahassee, FL 32301.

Question 2. You indicated that one of the purposes of the Nutrition Education and Training Program is to train school food service personnel in the "principles and practices of food service management". Shouldn't those involved in school food service already be knowledgeable about nutrition practices?

Answer 2. In answer to your question regarding whether school food service personnel should be knowledgeable about good nutrition practices, the fact is that personnel hired to prepare school lunches should have knowledge about nutrition practices and program management skills but do not. You know from the history of the program, the first personnel were employed for school food service through the W.P.A. and no training was required. Generally, persons applying for school cooks' positions do not have to meet training or educational requirements. Salaries paid to school cooks are not lucrative enough to attract persons with professional training. Currently, due to the influx of unions and the passage of labor laws in many states, many personnel positions are protected by seniority; therefore, it is in the best interest of school lunch programs to provide training for those individuals.

In West Virginia, prior to funding through the NET program, there was no provision for training of newly hired personnel except for on-the-job training. We are able through NET to offer training for new personnel which has made a vast improvement in school meal programs. Some personnel after years of experience acquire acceptable management skills and some do not. Through training programs

funded by NET, West Virginia cooks have acquired many management skills and some have been motivated to pursue a two-year college program. We still do not have a trained manager in all schools, however.

Additionally, since school food service is big business and since nutrition and management are complex skills, training in these areas can not be effectively presented in one hour; instead, effective training programs require several in-depth sessions. Just as all educational personnel are required to renew training, so should food service personnel renew training.

Recent utilization of computers for school meal reports and recent developments in nutrition have great implications for training of food service personnel. The critical need for more efficient, economical management in the food service program makes it necessary to address purchasing skills, time management, menu costing, use of staff and many other areas. All these skills are needed to say nothing of training to update personnel on program changes due to changes in federal regulations. It is my conviction that effective training programs are those that provide a statewide comprehensive approach.

I am pleased to provide you with information about the nutrition education program. If I can be of further assistance, please let me know.

Sincerely,

ANITA ELLIS,
Assistant Director, Nutrition Education and Training.

Senator DOLE. John, do you have anything to say, after hearing the witnesses? Do you want to change your testimony?

Mr. BODE. No, I think our concerns are pretty well addressed in my testimony.

I would like to refer to one. The earlier witness referred to an HHS study that the income level for child care—home child care benefits, that is an older study, much older than the date I referred to, which we do have tremendous confidence in, that two-thirds of the benefits are going to families with income above 185 percent of the poverty guideline.

Senator DOLE. Well, we have that in the record. We appreciate your coming here today. I know of no other witnesses to this hearing.

If anybody has any comments they would like to make part of the record, we would be happy to do that. Thank you very much.

[Whereupon, at 2:03 p.m., the subcommittee adjourned, subject to call of the Chair.]

REVIEW AND REAUTHORIZATION OF CERTAIN CHILD NUTRITION PROGRAMS

WEDNESDAY, APRIL 4, 1984

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, DC.

The committee met, pursuant to notice, at 10:10 a.m., in room SR-328-A, Russell Senate Office Building, Hon. Jesse Helms (chairman of the committee) presiding.

Present: Senators Helms and Huddleston.

STATEMENT OF HON. JESSE HELMS, A U.S. SENATOR FROM NORTH CAROLINA

The CHAIRMAN. The committee will come to order.

This hearing is being held in part at the request of 11 Senators, who wrote to me, most of whom apparently will not be able to make it. But all Senators are loaded down with responsibilities, and the Chair can understand that, so we will proceed with the hearing, and will, of course, make it a matter of record, so that the printed record will be available to all Members of the Senate.

Today, the committee will focus on an examination of the programs within the Department of Agriculture, generally classified as child nutrition programs. Several of these programs must be examined in the course of reauthorization deliberations, and in addition to those programs that expire this year, we also will look at related programs and how these are operating—for example, the School Lunch Program, the School Breakfast Program, the Child Care Food Program, and so forth.

Changes made in both 1980 and 1981 were designed to improve the operation of these programs and ensure that benefits were more appropriately targeted to those in real need. For instance, audits conducted in the 1980–81 school year by the Inspector General of the Department of Agriculture found that about one-fourth of the recipients of both free and reduced-price lunches were not eligible for all of the benefits they were receiving.

In response to these findings, we in Congress took action in 1981 designed to improve the verification of information submitted with school lunch applications. Specifically, social security numbers were required on applications in order to provide a uniform method for detecting improper information. Often, such small changes can dramatically improve a program's operation and, obviously, the accountability of it.

Additionally, USDA was authorized to require verification of family income in a further attempt to reduce the misuse of school lunch benefits. Many have reported to me that these changes have had the desired effect of improving verification in the lunch program and thereby ensuring that the taxpayers' dollars are being properly spent.

Another purpose of both the 1980 and 1981 reforms was to target benefits to low-income families. Now, the proportion of funds provided for income-tested programs versus non-income-tested programs has improved significantly since fiscal year 1970. Last year, fiscal year 1983, the proportion for expenditures provided for income-tested programs was approximately 73 percent, which was up from 22 percent in 1970.

Recently, some have expressed concerns that the changes made by the 1980 and 1981 reconciliation bills may have gone too far. They have suggested that students and schools dropped out of the School Lunch Program because of these changes, and that Congress should restore more Federal funds. Because of these concerns, I asked the General Accounting Office to undertake a survey of recent school lunch participation. In my view, the results of their report, published last week, confirm that the result of the program changes has been a better targeting of school lunch benefits. While the GAO noted that student participation has indeed declined since 1979, the decline took place—and I am quoting—"primarily because fewer students ate full-price lunches." Thus, such a decline took place among students from higher income families—that is the so-called paying student, those with incomes above 185 percent of poverty, currently $18,315 for a family of four. Much of the decline occurred even before any reconciliation reforms. Additionally, a significant portion of the reduced participation is the result of the overall trend of reduced student enrollment. Another significant portion is the result of eliminating high-tuition private schools from participation.[1]

This corresponds to the findings of the President's Task Force on Food Assistance, which reported earlier this year that reconciliation changes have not reduced the receipt of free and reduced-price school lunches within the poverty population. Indeed, the task force found that among families below the poverty line, participation had increased from 57 percent in 1979 to 61 percent in 1982.

Contrary to the claim that the School Lunch Program and other nutrition programs were "slashed"—and that is a popular word in some of the major newspapers around this country—the GAO noted that program expenditures for the School Lunch Program last year were greater than at any time except 1981, which happened to be the peak year, and therefore, I respectfully disagree with distinguished members of this committee and others, who have suggested that we must increase even more the Federal spending for these programs.

To those who would suggest millions in increased spending for these programs, I would feel obliged to ask the corresponding question: "Where would you make offsetting reductions in these programs to pay for the increases?" The unrestrained, big spending

[1] Excerpts from the GAO report are printed on page 154.

days of the past are over. The day I sat down as chairman of the Senate Agriculture Committee was the first time in history that a Senator chaired this committee with any budgetary restraints whatsoever. And no matter whether I like it or anybody else likes it, we are operating under budgetary restraints, and we have to account for these spending increases, and we must offset them in other places.

Congress has, in the judgment of this Senator, an obligation to be fiscally prudent in the financing and administration of these and all other programs. So in my view, any further increases must be offset by reductions in other aspects of these feeding programs so that there is no net increase in spending in the area; otherwise we run into an objection on the floor because it violates the terms of the budget agreement.

Sometimes it is said, and with some accuracy, that there is no constituency pressure for fiscal responsibility for individual programs. There is no one to lobby against increases for somebody else's pet project in this area or any other area. I am convinced that the American people are becoming increasingly aware of the connection between such spending increases, no matter how well-intentioned, and the taxes that the American people are required to pay to finance these programs—or the deficits which occur.

We cannot have it both ways. We cannot give it all away and then complain about deficits. That is what goes on so much in the political arena these days; the people talking loudest about the Federal deficits are the ones who created them in the first place.

I am concerned, for instance, about the mounting costs for so-called administrative expenses in connection with these programs. It seems that the Federal Government is forever expected to pick up all of the costs associated with these programs. I do not think it unreasonable to expect State and local governments to contribute, particularly with regard to administrative costs when the Federal Government is already paying generously with the reimbursement costs.

The Summer Food Program was supposed to have been made more accountable in 1981. While there were some improvements, the program—which operates as an entitlement—continues to cost $30 million more than had been anticipated. Additionally, there are tremendous difficulties in ensuring whether the benefits are targeted to the poor. Any child who goes to a summer foodsite may receive a free meal without regard to income status.

Another area that needs careful examination is the Child Care Food Program, and in particular the day care home portion of that program. Such day care homes typically have not more than 3 to 5 children, and the provider—usually a mother of one of the children—receives Federal reimbursements for meals and snacks served to the children.

Prior to 1980, Federal payments were based on the income level of the families whose children go to day care homes—an income-based or means tested program. However, since 1980, a separate, standardized payment system has been in effect. Under this current system, the Federal Government pays a set rate for all meals, regardless of the income of the children's parents. USDA has reported that approximately 75 percent of the children now in such

homes are from families with incomes well above the poverty line, and the Inspector General has recommended the reimposition of a means test.

I have introduced legislation, S. 1994, to reinstate the income-based test for Federal reimbursements for day care homes. Such a reform would restore the program's accountability as well as re-align it with the School Lunch and School Breakfast Programs.

To change the reimbursement rates in the fashion I am advocating would save taxpayers approximately $45 million per year. I want to emphasize, however, that in doing so, reimbursements on behalf of poor children below 130 percent of poverty would actually be increased. The reductions come from those above 130 percent of poverty.

More can be done, in my judgment, to target these scarce and valuable Federal dollars, and better serve American taxpayers and children alike.

The first panel we welcome today is on the Child Care Food Program—Mrs. Sharon L. Montgomery and Mrs. Nancy Sauder, day care home providers in Greeley, CO; and Mrs. Gerrie Smith, a member of the Child Care Advisory Council of Fairfax County, VA.

If you three ladies will come forward and occupy the empty seats of Senators, that will be fine.

I will let you proceed. First, I have a little note here: "Mr. Chairman, please ask the witnesses to speak directly into the microphones. Thanks."

STATEMENTS OF SHARON L. MONTGOMERY AND NANCY SAUDER, DAY CARE HOME PROVIDERS, GREELEY, CO

Mrs. MONTGOMERY. My name is Sharon Montgomery, and I am from Greeley, CO, and I am with my daugher, Nancy Sauder.[1]

We operate a day care home in our home, and I am paid to run this business, by the parents who pay me to care and feed their children.

I have been in home day care for 5 years in Greeley, and in previous years, in Inglewood, CO, and Loveland, CO.

I would like to give you a little bit of my background.

As a single parent, I raised four children on what is now considered poverty income without assistance from the U.S. Government. My children are now successfully educated adults—two with master's degrees. Through real life experiences, they learned the importance of doing with what we had and making the most of what we had to do with.

I feel that I am a successful businesswoman, and I have come here today at my own expense because I have first-hand experience about the home day care and the Child Care Food Programs, and I feel I can help you to better understand, to save you some money.

The parents pay me to run my business, to feed and care for their children, and the Government has stepped in and said, "We will supplement your income by giving you x amount of money each month for your food." I do not understand why you need to do this.

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[1] See p. 156 for the prepared statement of Mrs. Montgomery.

I can run my business and feed my children with what the parents pay me, without any help from the Government. I feel that this food program is structured to cause people to become dependent on Government subsidies, and I do not feel that we need this type of subsidy to supplement the business that I run. I was on this program for several months, because I wanted to be sure that I knew what I was talking about, and I feel very strongly that it is wrong. I feel that I could use the income—I could use this to supplement my income—I am a widow now—but I feel very strongly that there is no need to waste this money in this way, when we have such national debt as we do.

Did I cover it? I am quite nervous, to be quite frank with you.

The CHAIRMAN. Well, you are among friends, so please, do not be nervous.

This is Senator Huddleston, of Kentucky.

Mrs. SAUDER. We are sorry that you did not get our testimony before today; we did mail it. But we did have three pages of reasons why we felt that the program is discriminatory and also, wasteful. Any time you talk about feeding children, it becomes a real touchy subject.

The CHAIRMAN. You'd better believe it.

Mrs. SAUDER. We do not want anybody to go hungry, but we just do not think this is the right vehicle for feeding children. In essence, what you are saying is it is really discriminatory to the parents, No. 1, because you are saying to the parents, "We do not think you are feeding your kid right, but we do not trust you with the money, so we are going to give it to your babysitter, and then we are going to make sure they feed your children." And then, you are also discriminating because you are giving one segment of the population a subsidy for their income. We are saying we are going to subsidize home day care providers, because under this program, home day care has no income limitation. And while we commend you for at least trying to reinstate the income limitations, we think that better use of the funds would be to completely abolish the home day care component and the component that says that you will feed children in for-profit day care centers.

Reading through your committee print, it does not make clear that a home day care provider is a for-profit business; it is a business in the home, where the object is to take care of children and make money at it. And the same way in your day care centers; it says in your committee print, it makes the impression that most day care centers are Head Start centers, and in fact, many are for-profit centers, and they are making money.

In one part of it, it says that—I think it was on page 37. Do you want me to quote from the committee print or from my paper?

The CHAIRMAN. Whatever.

Mrs. SAUDER. OK. In the committee print, you have this program spends $110 million The home day care component spends $110 million in 1984; $120 million in 1985; $130 million in 1986, while day care centers, which are not the home, only spend $3 million in 1984, $4 million in 1985, and $4 million in 1986. You see, the day care centers have income limitations, so they are not spending near the money that home day care is, and people who are not needing

money are having the Government feed their kids. And it is such a waste.

I know that $100 million to you is nothing, because you have to work with billions, but $100 to me is a lot of money.

Senator HUDDLESTON. You ought to hear us arguing over a million sometimes.

Mrs. SAUDER. We really feel that the children are not going to go hungry, and what we have created here—when we were talking to other day care providers, home day care providers, they feel that this money is owed to them by the Government, it is a subsidy to their income. And they are not reducing their prices for kids. They do not deduct $2 every day because you are giving them $2 every day for food. And we just think that we have to cut. I am giving you 35 percent of my gross income in taxes, and I want some of that for me. I am tired of giving it to the Government in such a way that it is not being used to the best advantage, where our taxes should be used for better advantages, like in retiring the national debt, for instance, which would make the country stronger.

Also, another way that it discriminates is that the home day care provider's children are not allowed to go on the food program unless she is below poverty, if her income is below poverty. Yet she can have five children in her home as day care children, and if their parents are even making $100,000 a year, the Government will still pay for their food, but not hers. So you can see how that discriminates.

Also, it is a very profitable business to be a sponsoring agency of the food program. We have seven in Colorado, seven sponsoring agencies, where you are giving them $50 a month for every home day care provider on this food program. And they are advertising it as a way to subsidize their income—which we question the appropriateness of that.

Besides giving them money for food—well, you know how much you give them—but it could be $2 a day, with breakfast, lunch, and a snack. Then, you also give the home day care providers who are on the food program supplements of the surplus commodities. Like they get 60 pounds of cheese, 15 pounds of honey, 32 pounds of butter, and 50 pounds of milk every quarter. So you are giving them food for free that they can use to cook with for their children, and then on top of that, you are paying them to feed them free food. Do you see what I mean—so it is a dual funding, and it is something that the Government does not need to be paying because the parents are paying them.

If you want to subsidize child care, then subsidize child care, but do not do it this way, because this just is not right. We just feel that it is being abused and that it is a waste of our money, and we can be better represented by utilizing the money somewhere else.

The CHAIRMAN. Amen.

We will be back with some questions and comments.

Mrs. Smith?

STATEMENT OF GERRIE SMITH, MEMBER, CHILD CARE ADVISORY COUNCIL, FAIRFAX COUNTY, VA

Mrs. SMITH. Good morning, Mr. Chairman, members of the committee, ladies and gentlemen. My name is Gerrie Smith, and I am a member of the Child Care Advisory Council in Fairfax County, VA, that advises the board of supervisors, which is the local governing body, regarding child care issues and policies in Fairfax County, VA.[1]

Although I am here as an individual, representing only myself, as a member of this advisory, nonpolicymaking board, I have become aware of a number of child care policies that I find, in my view, are in need of reform, and the Child Care Food Program is one of these programs. But I am not alone in my concern. The chairman of the board of supervisors in Fairfax County wrote a letter to Dave Stockman on November 16, 1981, to the effect that—and I would like to read it now:

> The Fairfax County Board of Supervisors recently took action to participate as an umbrella sponsor for the second year of the USDA Child Care Food Program for family day care providers.
>
> While the Board of Supervisors supports family day care and this program, it expressed concern that the USDA Child Care Food Program for family day care providers is not specifically targeted at low-income families. Further, we are in a period of budget and program reductions, some of which are impacting persons truly in need. Accordingly, we are concerned that this program serves all income levels, and would like to see the program's guidelines revised so that it is directed to meet the needs of those families with the greatest economic need.
>
> We would appreciate your review of this program to determine how the resources allocated to the program can be targeted to serving low-income families.
>
> Sincerely, the Honorable John F. Herrity, Chairman, Board of Supervisors.

My objective today is to state first of all, categorically, that I am in favor of aid to the needy, especially single-parent families in which the mother is forced to work out of necessity. I am unalterably opposed to aid to the dual-income-earning families that unfortunately predominate in the Child Care Food Program, in the family day care provider section.

The Department of Health and Human Services in Washington has determined that approximately 56 percent of all children who are in day care are in private family home day care. This accounts for the enormous growth in the Child Care Food Program, as there is no income ceiling, no eligibility requirement, for participation in this program. I think the demographics of Fairfax County, VA, illustrate this point quite well, in that it is one of the most affluent regions in the Nation, and yet, the Fairfax County government is a sponsor, an umbrella sponsor, of this program. The median family income according to the 1980 census is approximately $33,236 per year. The mean family income for families with two workers is listed at $39,816 per year. A family with one worker is listed at $31,335 per year. The proportion of families with two or more income earners in Fairfax County is 64.8 percent of all families. So thus, the residents of Fairfax County are predominantly dual-income earners. They are affluent; 85.4 percent are white; only 5.9 percent of its residents are black. Only 3.3 percent of those who

[1] See p. 157 for the prepared statement of Mrs. Smith.

reside within the county are of Spanish origin, and the others are various percentages that are obviously less than that.

The CHAIRMAN. Mrs. Smith, could I impose on you for a moment? I have a call from Secretary Clarke that I have got to take. Could we just suspend here for a couple of minutes? I do not want to miss what you are saying.

Mrs. SMITH. Certainly.

The CHAIRMAN. I apologize, and I will be right back.

[Short recess.]

The CHAIRMAN. I apologize. As Senator Huddleston will testify, we all have 12 balls in the air at one time, you know.

Mrs. SMITH. I certainly understand, sir. Thank you very much.

The CHAIRMAN. Let me just say that your whole statement will be a matter of record, but I think since you have highlighted that paragraph, I think you ought to go into the next two paragraphs, too.

Mrs. SMITH. All right.

The houses in which the residents of Fairfax County, VA, live are no less impressive in terms of their relative affluence. The estimated median value of owned housing units in 1983 was $103,600, with the median value of owner-occupied homes listed at $95,200, making Fairfax County, VA, the 15th most costly housing ranking in the United States, according to the U.S. census.

I think an important comparison and contrast that we need to make is that according to the 1980 census, it is estimated that the weighted average poverty threshold for a family comprised of four persons—and I believe the weighted average poverty threshold is the amount of food that a family would have to consume for baseline maintenance living—for a family of four persons, it was estimated to be $9,860 per year. Again, the median family income of Fairfax County, VA, a legal participant of the USDA Child Care Food Program, is $33,236 per year; less than 6.3 percent of families in Fairfax County, VA, have incomes less than $9,999 per year.

The magisterial district in which I reside, Dranesville District, in Fairfax County, is even more revealing regarding the demographic economic statistics of the residents—31.8 percent of the families report incomes in excess of $50,000 per year; 9 percent report incomes in excess of $75,000 per year. Yet all are eligible to receive benefits under the current provisions of the Child Care Food Program.

One family day care provider who resides in Fairfax County has told me that she uses the extra money to treat herself and her day care children to meals at various restaurants. She reports that she would otherwise be unable to offer this outing to the children in her care. Another day care provider saves all of the money that she receives from the CCFP to purchase additional toys for the use of the children she cares for, as well as for the use of her own children.

Sometimes, parents who have their children in family day care arrangements do not wish to participate in the program unless the day care provider is willing to reduce the cost of the care given to their children by the amount of the subsidy received by the CCFP reimbursement schedule. The family day care provider may or may not be willing to do this.

Several parents have expressed their apprehension over the program, stating that they fail to comprehend the need for participation in the CCFP, for which they are eligible simply by virtue of the fact that they have their children in family day care, since their children's day care provider is rendering something that they receive anyway: good substitute child care at reasonable cost, given by a trustworthy neighbor.

In summation, I would like to state that—I had it here someplace—I am sorry this is so discombobulated. My daughter stepped on my typewriter and jammed the keys, and I had to go out and get another typewriter at the last minute, and I had it typed up in a better form, and it was just a disaster—and then it rained.

The CHAIRMAN. You ought to see some of the stuff we produce around here, and we do not even have daughters jamming up the keys.

Mrs. SMITH. Well, I know it sounds like "The dog ate my homework," but it really happened.

THE CHAIRMAN. It's fine.

Mrs. SMITH. There are many parents of various income levels who have decided that while their children are young, their right and free choice is to provide for the day-to-day care of their children. The upper income classes have always had this option, just as they have other options available to them that may not necessarily be available to the less affluent families. On the other hand, there are many parents of various income levels who have decided that while their children are young, their right and free choice is to seek alternative substitute care for their children. But the fact of the matter is that the two-income-earning family, as the figures in Fairfax County, VA, demonstrate, is demanding services and benefits that are not allocated to the single-income family, who may in fact be decidedly well off than the dual-income-earning families. The equity of setting public policy such as provided in the CCFP as now constituted has not been adequately addressed, in my opinion. S. 1994 will start that reform and thus, equity, in restoring the integrity to the CCFP.

As we live in the age of dangerously high budget deficits, the U.S. Congress endeavored to enact some changes in the entitlement programs. Some of that reform took the shape of the income eligibility requirements. The Gramm-Latta Act of 1981 is credited with saving approximately $1.5 billion. Unfortunately, the CCFP, a small program by Federal Government standards, was not part of that income-specific reform. S. 1994 would provide that needed reform. It could set a trend toward reforming our entire social welfare benefits and entitlements such that only those who are in need of our assistance are eligible for that assistance.

After all the testimony is heard, all the evidence is tallied, and the members of this committee, as well as Members of the Senate, have made their final decision, there will be one group of citizens that will gain from that decision, and one group of citizens that will lose from that decision. Let it be said that those who were denied benefits were the affluent. Do not be misled by the well-intentioned, but misinformed, opponents of S. 1994. It is the poor child who is in need of our assistance, not the nonpoor child. And with more people seeking aid from our Government, there is less

money to assist the truly needy. Their cries for assistance are often lost amid the clamor from the upper- and middle-income classes, who know how to use the system to their advantage, and often do so to the detriment of the underprivileged. It is my opinion, then, that it is an act of true compassion to delete all but the truly needy families from this program, thus rendering it less vulnerable to the valid criticism that it is an income transfer program for the wealthy, from the nonwealthy.

I strongly urge that this committee pass S. 1994, as well as the full Senate.

I thank you for your time and consideration of this matter.

The CHAIRMAN. Well, I thank all three of you.

I suppose you know that the testimony that you have given here this morning, each of the three of you, will be the best-kept secret in Washington, DC, as far as the Washington Post is concerned. If you had come here this morning and condemned the Reagan administration for slashing spending, for starving little children to death, the television cameras would have been lined up four-deep over there, and there would be headlines on the front page tomorrow. But I daresay that few, if any, of the major media of this country will even refer to what you have said. And I include my own State in this. If you had come here and condemned the Reagan administration, you would have made the headlines. And obviously, you came at your own expense. I appreciate it.

Let me ask a few questions. Just for purposes of emphasis, a day care home—and you have said this—is one in which a person provides child care for small children, usually no more than what, three or four?

Mrs. SAUDER. In Colorado, the limit is six at one time, but you can also have two before and after school, so then you can have eight. But I do not know of any day care home in Colorado that only wants three or four. They want to have all the children they can have.

The CHAIRMAN. And the person caring for the children is the provider. Under current law, if the provider's income is above 185 percent of poverty, her children may not receive Federal reimbursement; however, all other children may. Is that correct?

Mrs. SAUDER. Yes.

The CHAIRMAN. And regardless of income, as Mrs. Smith has indicated. The Federal Government provides reimbursement, as you have said, for two meals and a snack.

Mrs. MONTGOMERY. Well, let's clarify that. It is one meal and two snacks a shift.

Mrs. SAUDER. Or, it is breakfast and dinner and a snack, or dinner and supper and a snack.

The CHAIRMAN. Now, the administration has supported eliminating funding for day care homes altogether, probably because of the high percentage of the higher income participation you are talking about.

Let me ask each of the three of you—should the taxpayers, through their Federal Government, continue any degree of subsidization for these homes, or do you think it should be eliminated? I guess I am asking whether you agree with the administration on this or not.

Mrs. SAUDER. I do.

Mrs. MONTGOMERY. I feel it should be abolished, because even a single parent or the low-income family who is being assisted by—I do not know what you call it in Washington; in Greeley, we call it social services—they pay the day care providers.

Mrs. SAUDER. So it is not as if somebody is going to go without child care.

Mrs. MONTGOMERY. It is usually the going rate, or a dollar below the rate, which is still sufficient to feed the child. So you see, if the Government is paying for the care, and then they come along with the program and pay again, you are still paying twice.

Mrs. SAUDER. Also, a day care provider makes considerably more than minimum wage. Are you going to then go ahead and subsidize the incomes of minimum wage earners? You see, if you are going to be consistent and if you are going to be fair, we think that it should be totally abolished in home day care. And like Mrs. Smith said, parents understand this program. They do not believe that the Government should be paying for their children's food when they are paying for it. And most day care providers will not reduce their fees. Like, say, we charge $8 a day. You are going to give me $2. So the parents should only have to pay $6, right, because you are going to give us $2 to feed them, so out of that $8 per day, $2 goes for food. And they are not doing that, because they are so used to having that extra money, as you said, for other things—and we know that, also. You use that money for other things.

And since the day care provider does make more than the minimum wage, and she has a business in her home so she has the tax advantages, et cetera, et cetera, it is really not necessary, and we think our tax money can be better utilized elsewhere.

The CHAIRMAN. Now, let me be the devil's advocate. How many providers would go out of business if we stopped this?

Mrs. SAUDER. The ones who do not really want to be home day care providers. Just because you are giving them a subsidy does not improve the quality of child care.

Mrs. SMITH. Mr. Chairman, I would like to state that I probably would rather see a voucher system whereby it would be specifically targeted to assist low-income families, but particularly those children of single parents. In Fairfax County, VA, from 1970 to 1980, there was, I believe, a 141 percent increase in the number of, divorces. That is not unusual; it is unfortunately a fact of life throughout the Nation. And the ensuing drop in income due to nonsexist factors, like the divorce. Yet when a couple divorces and they have children, I believe only 28 percent of the women who are eligible to receive child support payments from their exspouse actually receive those payments. So there are a lot of things that we can do to assist the plight of the truly needy, specifically, the single-income working woman, who is working out of necessity and not choice.

So I would agree in part with the administration's statement, but I do see a need to assist some.

The CHAIRMAN. Well, in any case, I assume all three of you agree that this ought to be limited to the needy.

I was appalled when I first got involved in looking at this, and food stamps—all across the spectrum, there is so much room for

abuse, and it occurs so flagrantly. But it is a political liability, as I have learned, even to question the system. I have been accused of being hard-hearted, wanting to starve children to death, and that sort of thing. All I am saying is let's think about that taxpayer down there who makes maybe one-third of that median income that you were talking about, and he is having to support this stuff. I think it is only simple fairness and equity at least to limit what the taxpayer is required to pay, limit this assistance to people who are truly needy.

Now, we have all sorts of disagreements on this thing for one reason or another in this committee. But I remember early on, I started looking at the duplication in the Food Stamp Program with reference to the School Lunch Program. Here, a family of four are getting food stamps. They have two children in school, and they are eating breakfast and lunch at school, but the family is still getting the food stamps for 21 meals a week, presumably, for each of the four, including the two children. And I said, well, I wonder what just that one duplication is costing us. My own feeling when I looked at it was "Why bother with it?" but I asked staff to have it analyzed, and do you know how much that one duplication cost? Six hundred million dollars a year. I proposed to tighten that thing up, and I wish you could see the editorials and the cartoons and all the rest that just came flying. They had me cutting off children's heads and all the rest of it. So it is a political liability to try to talk commonsense, which you ladies are doing, in my judgment.

Mrs. SAUDER. But do you know, if enough people stopped believing everything they read in the paper and paid attention to what the person in front of them at the grocery store was buying and paying for that with—this happens to us every time we go to the grocery store. I become so enraged. Here we are, economizing, making the most of our money, buying generic items—you know, name brand has always been something that we could never afford, because all you were paying for was the label. We could never have steak three or four times a week; we made do with hamburger. But every time I go to the grocery store, I see three or four people paying with food stamps, and they have steak, three or four packages of steak, name-brand items—not frozen orange juice, but orange juice in the carton or the jar, that costs three times as much and goes less than the frozen, with the same nutrients. You still have the same nutrient value.

But I think people, when they understand this program, especially parents, the ones we have talked to, they will support you. I know that we are not going to elect you, but if you wanted to move back to Colorado——

The CHAIRMAN. I may have to after this election. [Laughter.]

Mrs. SAUDER. Well, please know that some of us appreciate, because we just do not see that these programs are being best utilized, and we are glad that you are cutting where you are cutting, because it should not be benefiting the rich. We should not have programs that build dependence on the U.S. Government. We have to build dependence within that person, so they will want to go out and work. We do not want to say, "The Government is going to give you this, so don't do anything; just go out and have babies." That is not the way to make a productive country.

So we are glad that you are doing what you are doing.

The CHAIRMAN. I thank you.

Let me ask you about collecting income information, so that the means test can be implemented in a meaningful way. How much trouble would that be to you? None?

[Mrs. Montgomery and Mrs. Sauder nod agreement.]

What about for the parent? Do you think it imposes too much of a burden to ask them to provide this information?

Mrs. SAUDER. Not if it is going to benefit them. If they do not want you to know how much they are making, they will not tell you. If they are not making very much, they will tell you.

The CHAIRMAN. Mrs. Montgomery, I have one final question, and then I will yield to Senator Huddleston.

Let's talk about other day care providers. Now, these are nonprofit, right?

Mrs. MONTGOMERY. No. Why do you call home day care nonprofit?

Mrs. SAUDER. That is the problem a lot of legislators have. Even in Colorado, the State legislators do not understand that home day care is a for-profit agency.

The CHAIRMAN. I guess I was referring to day care centers.

Mrs. SAUDER. Day care centers, many of them, are for profit.

Mrs. SMITH. But the umbrella sponsoring agencies must be nonprofit, although there is a provision within the law to allow for-profit centers to participate in the program if they have in excess of 25 percent of the children enrolled who are former title XX participants.

The CHAIRMAN. Well, this would just have to be a horseback estimate, but in the homes of other day care providers in your area in the State of Colorado, what would you estimate to be the income status of the parents of the children who are in these facilities? Do you have any idea about that? It may be an unfair arithmetical question.

Mrs. SAUDER. Well, it varies.

You see, in our home, we have—and this is the way it is in home day care, because day care centers are much more expensive, number one, and especially for infants; it is twice as much money in a day care center as it is in a day care home. So we have people making minimum wage, probably $12,000, $15,000 a year, the couple, and then we have college professors who are making—this one couple, they are both professors, so they probably make $60,000. So that is quite a range.

The CHAIRMAN. Yes, so it would be hard to answer my question.

Mrs. MONTGOMERY. But I can find out, if they are willing to cooperate. I think the point needs to be made that I am a businesswoman, and I am a professional, and I like to do what I am doing. But I do not need the Government to subsidize me, because if I cannot manage my money, you cannot tell me from here how to do it. That is something I had to learn. And it is an insult to me for you to supplement with this food program. I just cannot buy it.

The CHAIRMAN. But you are buying it.

Mrs. MONTGOMERY. No, I am not. Let me say that out of 350—my view is not popular—out of 350 home day care providers in my county, which is big in Colorado, there are only two women not on

the program—myself and another lady. And it is because we feel it is a ripoff to the taxpayer.

The CHAIRMAN. Senator Huddleston?

Senator HUDDLESTON. Thank you, Mr. Chairman.

I am sorry I was not here at the beginning of the hearing. S. 1913, which I introduced along with Senator Cochran and others, is designed to correct some inequities that have occurred because of the reductions in the school lunch and other child nutrition programs that have been initiated, totaling some $1.5 billion. I will submit that for the record.[1]

The CHAIRMAN. Without objection, it will be included.

Senator HUDDLESTON. I think all of us want these programs to operate as efficiently and economically as possible. Certainly, nobody wants to subsidize those who do not need to be subsidized.

I think we can make a general policy statement that in all of our programs, if we are going to help the truly needy, we must have programs that are targeted to help those who are in need.

Now, as far as the day care home and centers, is it your judgment that we have an adequate number of day care home providers and day care centers to accommodate children of parents who need to be away from home and need to work?

Mrs. MONTGOMERY. I feel there is, yes.

Mrs. SMITH. Senator Huddleston, I believe that given that we have a free market economy, the supply never exceeds the demand for long. And though increased numbers of women are returning to the work force when they have very young infants, neonates sometimes, there is an enormous demand for care for these tiny infants. But the day care method of choice among families with young children is the private home, because that most nearly recreates the natural model.

Senator HUDDLESTON. You believe there are enough centers to accommodate all those, at all income levels, who have to work?

Mrs. SMITH. Yes. That is where my voucher thing would come in. If we could specifically target aid and issue a voucher system to those families who are in need, and they can take that voucher and spend it anywhere they wanted—it would be just like money—so that they would not be required to go to this day care center that is across town, that may not be conveniently located—maybe they do not like the philosophy of the center—most women who work who have children in day care prefer to have a day care home that is within, I think, less than 2 miles of their homes. That is certainly an understandable preference.

Senator HUDDLESTON. But, you do not believe there are any single-parent households where the parent would like to work and has limited skills and would have to take a low-paying job, but cannot find affordable care for their children while they work?

Mrs. SAUDER. No.

Senator HUDDLESTON. That is not a problem?

Mrs. MONTGOMERY. No, because in our area, social services will pay the home day care provider.

Mrs. SAUDER. Don't you have social services here?

[1] See p. 146 for the prepared statement of Senator Huddleston.

Mrs. MONTGOMERY. I call it "welfare," but I guess the new word for it is "social services"; I do not know. But they pay——

Mrs. SAUDER. They will pay wherever the mother wants to take the child.

Mrs. MONTGOMERY. All of us who are licensed are in a book, and they just give them the list that is close to their area or where they need to go.

Senator HUDDLESTON. But say that all these are profitable operations; that is they are in business to make money.

Mrs. MONTGOMERY. Well, I support myself.

Mrs. SMITH. Senator, I believe the operative word in your statement was "would like to work." We need to make a distinction, because I think there is an enormous distinction between the woman who wants to work, who chooses to work, and that is her free choice, and the woman who wants to stay home with her child, and that is her free choice, as well. We need to recognize these as legitimate choices that people make regarding their child care. Thus we should help those who want to work, but cannot find help; rather, we need to help those who need to work and thus are in need of assistance.

Senator HUDDLESTON. I think it is somewhat of an oversimplification to say that everyone has an option, because there are people who desperately need to work and have to work, who do not necessarily want to work, but have to work.

Mrs. SMITH. That is true. The destinction is my point.

Senator HUDDLESTON. So, are we going to help them, or are we going to have to turn them away.

Mrs. SMITH. But I am specifically referring to the dual-income family. The single-income family, the woman who is the single head-of-household, who has children, really has little choice but to work. Many times, she is not receiving alimony, she is not receiving her child support—the child support that she does receive is almost always in arrears.

Senator HUDDLESTON. You think there is adequate accommodation for those kinds of people?

Mrs. SMITH. I believe there may be especially if we reaffirm our commitment to them by limiting day care benefits to the needy.

Mrs. MONTGOMERY. I understand what you are saying. The woman that has to work to support her family—is there a day care home in her area. That is where our county has this list, and social services pays—they will either pay—like, I charge $8 a day—they either pay the $8—I think $7 is what they pay now. Now, if the day care provider does not want to accept that $7, she can ask the mother to pay $1 more out of her salary—or, there are others that will do it. I have done it for what social services pays.

Mrs. SAUDER. But you are talking about child care. You are not talking about the food. And here is the thing——

Senator HUDDLESTON. Well, you cannot take care of a child without feeding that child.

Mrs. SAUDER. Well, you need to separate it, though.

Mrs. MONTGOMERY. But that $7 will pay it.

Mrs. SAUDER. That is right. If you are going to talk about whether or not that child is going to be fed properly, then I think somehow, we need to make a distinction, because in effect, that is what

you are doing right now is subsidizing child care with the intent of providing good food. And it is up to the parents to make that decision—No. 1, are they going to put their child in a place where their child is going to get the best care? If they are going to put their child in the best care, then they trust that that woman is going to feed their children properly. If they do not care, that is another subject, entirely, what kind of care the child is getting there.

But I am just wondering why the Government needs to make the choices for the parents. You see, I believe that the parent is the supreme one in charge of his children, and so they need to make those decisions.

Senator HUDDLESTON. It seems to me, though, that when you are talking about those who truly need help, and whose children could benefit from the nutritious meals during the day, you are talking about a group that may not have all these options. They cannot be particular because of their lack of financial resources.

Mrs. SAUDER. I think it is improving, though. We have parent education classes and courses and workshops and stuff, that a lot of parents are going to now who are in that lower income group. The situation is improving. They want to do what is best for their children, and they are taking that all into consideration.

Now, maybe in your area, the segment of the population is different, but from where we are in Colorado, I think that they are learning, and I am just not sure that this is the right vehicle to instruct them on.

Senator HUDDLESTON. I think all of you indicated that the Child Care Food Program does not, in fact, reduce the cost to the provider.

Mrs. SAUDER. No, it does not.

Mrs. SMITH. It may not. Some parents do find a provider who will cut, so it ends up being simply a subsidy. But I would like to add, Senator, that in most cases, the day care provider is a woman who has children of her own that she is caring for in her home. These children also eat, as does the mother. I think it unlikely that a woman would provide one meal for a child in her paid care and then spend extra time and energy producing another meal that is separate that is either nutritionally deficient or excessive than that meal that she previously prepared for another child.

So I think it only makes commonsense to state that in most cases—and of course, we cannot really state categorically, because we do not have omniscient powers here—but I think it is safe to state that in almost all cases, where the mother who is the day care provider is caring for her own child as well as another's child, she is preparing one meal, and they are all eating this meal. And I think it would be unnecessarily cruel and discriminatory for the mother to be producing a meal for her child and then another meal for the other child. So I think it does not even make sense, logically, that that would occur.

Senator HUDDLESTON. I assume though that not every day care home provider has children of the person who is operating the home.

Second, do you think that, in all day care settings, meals would be as nutritious if there was no Child Care Food Program?

Mrs. MONTGOMERY. Yes, I do, because if she is going to feed them nutritious food, she is going to feed them nutritious food, regardless. And if she is not going to, she is not going to. You've either got it, or you don't.

Mrs. SMITH. I think that approach kind of presupposes that perhaps they are not being served nutritious foods, and I would object to that, because it seems to me that there is no way to categorically state that all people are receiving *x* amount of benefits or nutrition or whatever at all times, but I think it is only reasonable to state that most children are well cared for in their day care homes, and that this is simply an income redistribution program and not a child care nutrition program. As a matter of fact, in Fairfax County, VA, one day care home provider has reported to me that she is inspected twice a year by her USDA agent, an itinerant kind of schedule. The woman calls before she comes—which is only reasonable; it is a matter of common courtesy to do so. It is also in order to ensure that the woman will be at home when she arrives for the inspection. But to presume that the rest of the time, the woman is giving them junk food, we just have to say that when children are in care outside their parents' authority, we can hope to empower that parent with the best available knowledge concerned with child care nutrition and other kinds of child care programs that are the most up-to-date, and that given that, then the parent will make that decision, and the child care provider who is the day care provider will be, in a sense, the agent in loco parentis for the parent.

So I really think that many of these programs are unnecessary.

Mrs. SAUDER. Maybe—and we can understand this, of course, because being a farm family, we already know how to economize, and have all the nutritious foods——

Senator HUDDLESTON. I'm sure you do.

Mrs. SAUDER. That is what I was just going to say. Wouldn't it be better to take this money and set up some kitchens somewhere and practice making the menu, practice menu planning, going to the grocery store, comparison buying, and then going back and showing them how to cook this food so that it tastes good, because here is the problem. Some people don't know how to cook, right?

Senator HUDDLESTON. Do you think that would cost less than the current programs?

Mrs. SAUDER. I think in the long run, you are going to have people who will know how to eat, who will know how to buy. If they do not know what to buy and they do not know how to buy it, then all you are doing is giving them more money to go out and buy the same stuff, which is just compounding the problem.

Mrs. SMITH. I think, Senator, the families who are recipients of food stamps are under stress, and they are generally economically disadvantaged. And they do not feel like opening a can of reconstituted orange juice, and squashing it up or whatever. And I do feel for these people. I do not have a solution to that problem, and I really have not done sufficient research into it to really address it today. But I want to state that what we should focus on here today, I think, is the need to assist those who are in need. And in many cases, those who are on the Food Stamp Program are in need of our assistance, and that is a legitimate expense, I believe.

Thank you.

Senator HUDDLESTON. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, ladies.

I guess we are agreed that to the extent that people who participate in any of these programs across the board who are not in the category of needy denegrate the amount of help that can be given to the truly needy, and I think that is one of the points that each of you has made this morning. But in any case, we appreciate your coming, and thank you very much.

The second panel will be Mrs. Susan Brogdon, the president of the Texas School Food Service Association, Castleberry School District, in Forth Worth, TX; Ms. Elizabeth Cagan, chief administrator of the Office of School Food and Nutrition Services in New York City; and Marshall Matz, who is counsel for the American School Food Service Association in Washington, DC.

We will proceed in the order of the witnesses listed, and we thank you very much for coming and helping us out.

STATEMENT OF SUSAN BROGDON, PRESIDENT, TEXAS SCHOOL FOOD SERVICE ASSOCIATION, CASTLEBERRY SCHOOL DISTRICT, FORT WORTH, TX

Ms. BROGDON. Mr. Chairman, my name is Susan Brogdon.[1] I am the president of Texas School Food Service Association, and I am also the director of food service for Castleberry Independent School District in Fort Worth.

Texas School Food Service Association is pleased and honored to have this opportunity to share with the committee our views on current issues facing the National School Lunch and Breakfast Programs.

The child nutrition programs in Texas are the largest federally funded program there. During the 1982-83 school year, Texas received over $217 million in reimbursement for serving over 267 million lunches and 70 million breakfasts. By the way, breakfast is mandated in Texas. Those figures, when averaged, shows Texas serves over 1.5 million lunches per day, of which approximately 820,000 are free and reduced-price lunches. The number of free and reduced-price lunches served daily is the near equivalent of the population of San Antonio, TX, which is the 10th largest city in the United States.

The national school lunch and breakfast programs are a big business in Texas. TSFSA offers the following for your consideration.

On competitive foods, the proposed rules concerning the competitive food regulations in the national school lunch and breakfast programs confine the control of competitive food sales to the food service area and only during the meal hours. This proposed rule would allow the school officials, at their discretion, to serve such foods as carbonated beverages right outside the cafeteria door. Texas School Food Service Association is opposed to this regulation.

School food service programs often depend on the revenues from the sale of additional food items to purchase new equipment, offset

[1] See p. 162 for the prepared statement of Ms. Brogdon.

the cost of the paid lunches, and to raise salaries. TSFSA submits the following recommendation—that a Federal regulation be enacted which would give the local school district the authority to set the guidelines concerning all food sales on school premises. In the area of competitive foods, the local districts can best decide what foods should be served and when those foods should be served. This recommendation would also allow for added financial flexibility in the food service programs.

On verification, Texas schools are required to verify at least 3 percent of the free and reduced-price meal applications approved for the 1983–84 year. Our polls have indicated that an average of 11 percent of the applications have been verified, with 55 percent using the error-prone method, 35 percent using the random selection method, and 10 percent using other methods.

Under the present system, it is most frustrating for all concerned to approve a child for free meals and 2 months later, have to remove him from the free meals list because of the results of verification. This situation could be eliminated if 100 percent up front documentation of income is required to be submitted with the initial application. Documentation at the time of submitting the application would also serve as a deterrent to those applicants who are ineligible, and thereby eliminating a child being removed from free lunches for failure to document 1 week and reapplying the next week, without submitting documentation. That is currently what is happening.

The 100-percent documentation would also reduce community and parent confusion, increase the workload for approximately 1 month instead of 3 or 4 months, and it could be incorporated into the already existing application process.

At the beginning of the school year, we would need to increase the days we have to approve from 10 to 20 days, because it does take longer to do it. I was on the pilot program—our school district was—last year, and we did 100-percent documentation. This year, we have done the 3 percent error-prone. I prefer the 100-percent documentation.

Texas School Food Service Association supports a regulation requiring up-front documentation of income. We feel this would reduce repetitive paperwork and increase the accountability of the school lunch and breakfast programs.

On the Breakfast Program, the Texas School Food Service Association supports the implementation of offer versus served regulation during breakfast. This provision should also be made so that the final decision to participate in offer versus served at breakfast could be left to the local district like it currently is at lunch.

We have some concerns about the Breakfast Program. No. 1, there is too much liquid at breakfast. Some children have difficulty consuming 8 ounces of milk and 4 ounces of fruit juice. Offer versus served could eliminate that problem.

No. 2, at lunch, a child may select three out of five items with offer versus served regulation. But at breakfast, they may take every item—they must take every item. That is difficult to convince a first grader of.

Also, when a child chooses his own food, there is less plate waste.

We have had very positive reactions to offer versus served at lunch. TSFSA looks forward to the time when we can implement offer versus served at breakfast. This provision would increase financial flexibility, give children the opportunity to select foods, and increase the consistency of meal pattern choices.

It has also been suggested that we should increase the meat or meat alternate to a daily requirement at breakfast with additional funding to offset the increased expense. Some of the concerns we had with this were: Since we have 87.5 percent of our breakfasts in Texas free and reduced, the importance of protein at breakfast should be considered, since the last meal consumed for the day by a lot of children is school lunch.

If the meal pattern requirements are increased along with the funding, the increased requirement should be directly tied to the funding so that the funding could not be reduced without reduction of the meal requirements.

Some of our people in Texas feel that a good breakfast can be prepared under the current requirements, and this is not necessary.

As an association, we would support the meat or meat alternate, with the provision that adequate funding is continually supplied.

We appreciate the changes leading to increased flexibility and accountability in the school lunch and breakfast programs during the last 2 school years. We are always seeking ways to improve our programs.

In summary, we support the returning of control to the local school districts of competitive foods served in each district; requiring up-front documentation for every free or reduced-price meal application before processing; implementing the offer versus served regulation during breakfast, and increasing the meat or meat alternate requirement to daily at breakfast, with continued adequate funding.

The money expended by the national school lunch and breakfast programs is spent for food, labor, supplies, and direct administration of the programs with the end result being that a child is served nutritious meals. These meals provide a greater opportunity for a child to learn, grow, and fulfill his potential.

Thank you very much, Mr. Chairman, and members of the committee, for the opportunity to provide information.

The CHAIRMAN. Thank you very much.

I noticed you looked up at the clock during all that buzzing. Do you know what that is? A lot of folks around here do not. That indicates what is going on on the floor, in general. That was what we call a dead quorum call, two buzzes, and so forth.

Not long ago, I understand that two ladies from upstate New York, up in their years, were outside the Senate Chamber. The buzzers are very loud there—as a matter of fact, it is a combination of a buzzer and a bell, and it is very loud. They walked up just as the blast started. One of them looked at the other and said, "What do you reckon is going on?" and the other one said, "I think one of them may have escaped." [Laughter.]

Now, Ms. Cagan, we are glad to have you, and you may proceed.

STATEMENT OF ELIZABETH CAGAN, CHIEF ADMINISTRATOR, OFFICE OF SCHOOL FOOD AND NUTRITION SERVICES, NEW YORK CITY BOARD OF EDUCATION, NEW YORK, NY

Ms. CAGAN. Good morning, Mr. Chairman, and Senator Huddleston.

I am pleased to have the opportunity to appear before you today. My name is Ms. Elizabeth Cagan, and I am the chief administrator of the Office of School Food and Nutrition Services of the New York City Board of Education.

We are the largest school system in the country, with almost 1 million children, over 1,000 buildings, and 100,000 staff. My own operation has over 9,000 workers, represented by 12 different union locals. We serve over 500,000 lunches a day and over 100,000 breakfasts each day.

The ethnic breakdown of the total student population, by the school census of 1982, indicates: 24.8 percent white; 38.5 percent black; 31.8 percent Hispanic, and 4.9 percent Asian or Pacific Islander.

The New York State Legislature, in 1969-70, passed what they called the decentralization bill, which broke up the city into 32 community school districts, and those community school districts had responsibility for the administration of their elementary and junior high schools. The central board of education still maintains the responsibility for the high schools in the city and for the special education children.

The ethnic composition of the 32 community districts is as follows: 14 have between 90 and 100 percent minority students; 4 have between 80 and 90 percent minority students; 5 have between 70 and 80 percent minority; 3 have between 60 and 70 percent minority; and only 6 fall below 50 percent.

In preparation for the Summer Feeding Program, to determine eligibility under the present regulations, which set the criteria for an attendance area having 50 percent or more students during the school year on free and reduced lunches, we point out the following—this is what the latest information shows—one district has between 30 and 39 percent; 2 between 40 and 49 percent; those 3 districts, the only districts which fall between the current eligibility. One district has 50 to 60 percent; 7 between 60 and 69 percent; 4 between 70 and 79 percent; 16 between 80 and 89 percent; and one district with 91.9 percent.

It is interesting to note that more than half of the districts fall between 80 and 92 percent. I make special note of this data in order to emphasize the points that I have been trying to make to USDA during the years that I have been chief administrator in New York City. To require individual applications each and every year from areas which every demographic report, including the 1980 census, identifies as needy is both burdensome and duplicative. Additional confirmation of such a condition is indicated in an annual report which the New York City Board of Education must generate in order to determine which schools are targeted to receive chapter 1 funds. Sixty percent of the criteria used for this determination must be based on the number of AFDC children within the school population. Every school in 12 of those community

school districts are chapter 1 targeted schools. Therefore, there is a direct relationship between our records of free and reduced-price applications, the census reports, and chapter 1 eligibility criteria.

Knowing the hardships that most of these families undergo, it is with great difficulty that our school principals are able to receive for most of these children accurately completed applications.

I submit to this august body that there should be recognition that we have great diversity in this wonderful country of ours, thank God, and that for urban and rural areas, large and small, to be required to fulfill the identical burdensome procedures, with no recognition given to this diversity, just indicates a lack of understanding of the intent of the program by USDA.

In New York City, to avoid the negative national publicity which occurred in 1980–81, where the media castigated the Congress and the administration for the mandated inclusion of Social Security numbers. Highlighted on television, headlined in the newspapers—and we went through that in New York, I think you well know—was the charge that hungry children were being denied benefits. It was through the massive, concerted effort in New York City by teachers, principals, superintendents, advocacy groups, and unions, that we were able to ensure that every needy child received the maximum benefits he was entitled to. This, of course, also required additional local fiscal outlay.

I must add that one thing interesting happened, which has come out in some other previous testimony. The idea of a deterrent was very good. We did not oppose—in fact, we supported—the idea of the inclusion of the Social Security number. We have always been trying on our own, as other people have, to ferret out fraud and abuse. And it was interesting that the prior year, the percentage of free and reduced applications had been as follows—almost 94-percent free and about 4-percent reduced price. The year that Social Security numbers were mandated, we did not lose a child, as I indicated, but it worked out to come out to be 84 percent, almost 85-percent free, and the children swung into the reduced-price category, a few into the paid.

Now, when I talk about this concerted effort, what was told to parents—I personally went out to 15 different community groups where they had big community meetings—was something very simple. Of course, they always raised the question of the invasion of privacy, and we had determined legally that there was no invasion of privacy, and so forth. And we all said very simply: "If you have nothing to fear, then you should have no objection." And that was the end of that problem.

We have always endeavored to ensure the integrity of our claims. By subsidizing as a paid child any needy child, for whatever reason, whether by neglect, child abuse, et cetera—the reason I say that is that New York had that headline that we said all the children were suffering from child abuse—was not able to return a completely valid application signed by a parent or guardian. It was through this massive cooperative effort, and the support of the city and the board of education, allowing us to maintain our pricing schedule, which made us one of the few local educational agencies in the country which did not experience a drop in participation by the needy children.

We are also very proud of the fact that we have introduced many innovative programs which not only have enhanced the School Lunch Program but have reduced waste, which again results in very cost-effective programs. Among the general innovations is the establishment of what we call energy factories, mini energy factories, offering many choices from which elementary schoolchildren can select, which we find is a better alternative to the option of offer versus served. I will get into that, and I might as well say it now, because if you get to know me, you will know that I always say I am not going to say anything, but say it anyway.

The CHAIRMAN. Well, you are eligible for the U.S. Senate. [Laughter.]

Ms. CAGAN. I should have had that advice 35 years ago.

I think I am maybe unique—and this is probably why I argue so much with USDA—having only been in charge of this program for the last 6 years, originally against my desires, I could not see the connection between a school administrator—because I had come up as a teacher and a principal and assistant superintendent and did not know what connection there was between whether a kid has the peanut butter on whole wheat or white bread, and the educational process. Let me tell you, we have done a miraculous job, because there is no job in the world that I can get that I do not tieup with the education of kids. And in New York City, it is integrally interlaced. Of course, you can gather that having been an assistant superintendent, I can also yell at my former colleagues, and they listen. I have an advantage over those who have only been in food service. Unfortunately, in my operation all over the country, they have always been looked upon as separate and as sort of second-class, without realizing it. In fact, we are using local funds to finally do a formal research project, because we have found informally that because of our programs, breakfast and lunch—and we have others that we fund locally—that there has been a tremendous improvement in attendance. And we have heard this in other reports, but those scientists will never, never listen unless it is scientifically researched. We have found that there has been a tremendous—of course, if a kid is not in school, he cannot learn anyway—but maybe because of improved attendance, reading and math scores in New York City have increased dramatically. But it is the working together.

Why do I say I am a maverick? I believe that all of this has to focus around good nutrition. USDA meal patterns—well, they have changed the name from type A, but everybody says, "The new meals patterns, which used to be called type A," we proved to them that you can provide a "type A lunch" and never, never meet the nutritional requirements for that age child. And we have shown them menus that more than meet the nutritional requirements that do not meet their pattern, and I have challenged them for the 6 years either to stop saying this will provide good nutrition to kids, and then just say we just want to fill their bellies; or, if they are concerned with nutrition, then that has to be the goal, and then everything else falls into place.

Well, we are very consistent in that, and that is why I am happy that you mentioned the new competitive food regulation. I know that the Federal Government is very shy at being sued, because

you can be sued about everything—but so am I, in New York. Everybody sued me on the competitive foods. But I am not afraid of a suit. Do you know why I win those suits? Because I have that one commitment. And when the chocolate people sued me they did not win because they could not prove that this was a nutritionally sound addition into the program.

Now, when we get this backing down from the Federal Government, the regulation does encourage the States and locals to go beyond the USDA regulation. But we are very fortunate in New York because, as I said, we all work together, and we have seen the improvements in kids. So the board has its own policy, and the State legislature is now going to be introducing legislation for all of New York State. But the Feds should not be so frightened. If they knew where they were going and had only one goal and would not fragment these things and not have a clear policy of where we are going, many criticisms would be negated.

We talked about some of the innovative programs, and I got into some of the choices. In addition, each of our schools has a student nutrition committee—which I mandate—in which they have learned the nutrient value of foods, the Federal regulations concerning RDA's, which provide both the science and mathematic activities far more meaningful to the students than the memorization of the vitamins and minerals that they used to have to do in 1 hour in the science class, which is far removed from their day-to-day experience.

Parents are invited to visit our technology unit, where we taste and test new foods. This unit also vigilantly, on a random basis, pulls samples out of our delivered items to the schools to ensure our rigid specifications are being followed.

We have been happy to give workshops both to USDA and people across the country. We are very proud of our very, very tight specifications. In fact, I offered Secretary of Defense Weinberger, when I was present at a luncheon at which he spoke, and he was telling about the terrible contracts that they had inherited to send my person to write rigid contracts for him. We are very, very strict about that. When I came in 6 years ago—this is very interesting—I am not paying any more for my meals today than we were paying in 1975—and you know prices have gone up—only because we found manipulation by suppliers because of loose contracts; we also found that the board itself was not paying vendors for 2 or 3 years, and you can hardly blame people for adding on all of this borrowed money interest. But we got our act together, and we worked very, very well with industry. They called me crazy the first year; I called them crooks. But we are working together, because we changed all those specifications, and our foods are absolutely the most wholesome. In fact, we were way ahead of the nutrition goals, we were ahead of the cancer report. We are very proud of it.

All of our foods introduced in the program are student tasted before introduction into the program. This eliminates waste. The student nutrition committees also help in the planning of menus for their particular schools, within the parameters of RDA, meal patterns, and budgetary constraints.

When you said earlier, Mr. Chairman, that you were called all sorts of names because you were starving children, I must say that

I am so fiscally conservative that I have been called a Republican. [Laughter.]

Senator HUDDLESTON. Heaven forbid.

Ms. CAGAN. Well, you know in New York, that that is quite a thing.

But I also want to point out that one need not be a conservative Republican to believe in a fiscally sound and conservative program, and yet not have any impact on having what I consider the best program in the country—I am very humble, too, you see.

Theoretically, we can have 1,200 different menus on any particular day, because I think we are unique in this country that I do not have any full value contracts. Every one of the contracts which we generate for every item of food which we purchase is what we call a requirement contract, so that we can have the children get the kinds of food so that every food that they may order meets the nutritional goals that we are trying to set.

Our original nutrition grants—this has to do with NET, and this is what I am talking about we pull everything together—have been looked upon by us as actual seed moneys, in that when the moneys are drastically reduced, local support was provided because of the success we were having.

We are proud that we did not waste any moneys on the duplication of curricula, of which we had plenty, but instead emphasized the priority uses as indicated in the original legislation. This has paid off. We are now beginning to see the effects of the student selection of food items. These patterns are lifelong and should prevent those adult diseases we hear about that are brought on by poor nutrition.

We are also proud that New York City was in the forefront in the establishment of nutrition goals, as I said—to ensure reduction of sugar, salt, fats, and the removal of all artificial flavors, coloring, and unbeneficial additives. This, in conjunction with our ongoing programs for cooks, managers, teachers, and students, resulted in exemplary menu planning, which has encouraged the consumption of the fresh fruits, vegetables, and whole grains. And you got that from me for nothing; we did not need a big, expensive report, or a task force.

It is for these very reasons that I support the continuation of nutrition education funds, not to be given out indiscriminately, however, but to be disbursed on the basis of a proven performance record, or at least on the basis of a proposal for the proper use of these funds in accordance with the aims of the original legislation.

I want to note that I think the Office of School Food and Nutrition Services is the only place in the country because this money was given to States which received the NET moneys from New York State Education Department. I made sure that they understood the purpose of that legislation, which was to reduce the waste and enhance the School Lunch Program. We provide more nutrition education for teachers who have, over the last 25 or 30 years, received the so-called education through the formal approach, which had no impact. A teacher is not going to take nutrition education and add it onto an eighth curriculum area. They do not have the time. What we have done, and perhaps it is my background that made it easier to do here, but you have the facilities in

every other place in the country if you work together—is to provide lesson plans for teachers so that they can teach their English and even literature. We have a beautiful curriculum in literature and references to nutrition. You would be surprised how many fine books and fine plays have some reference to it. It makes it very exciting to kids, because it is not dry. It makes it very easy for teachers, because they can teach their area and include this as an item, instead of looking upon it as separate and distinct from the ongoing course of study.

There is no reluctance in other Federal agencies other than in USDA in denying money for undeserving programs. I, personally, and the Board of Education as a body, feel very strongly that the receipt of Federal moneys in any form is as binding a contract as one can enter into and that one must ensure the proper use of the moneys received to be used in accordance with the Federal legislation authorizing specific programs.

The GAO, in a report to Congress several years ago, noted that the New York City Board of Education's Summer Program was the best, most cost-effective program of all those reviewed. This report recommended that boards of education should be encouraged to administer the program.

The regulations concerning the use of private sponsors have been changed in the last 2 years, and I say, to the great betterment of the program, and we are proud to say that the Board of Education included every community-based program. The programs were good. We had had unscrupulous private sponsors. If you eliminate those, we were able to make sure that every child enrolled in a program—whether they did it in a school—or when we umbrellaed them and I became their sponsor. But we scrupulously monitor these things.

Last summer, we fed 1.3 million breakfasts and 6.9 million lunches, and we are very proud—we are not surprised, but other people are. Since we are so scrupulous in our supervision and monitoring, we did not receive even one disallowance.

New York City is urging that this regulation not be changed, or at least that the boards of education be given the first right of refusal before any consideration could be given to private sponsorship. In that way, no child could possibly be denied the opportunity to receive wholesome breakfasts and lunches during the summer.

We have had two sides of the story. I spoke to Mr. Cooney when I heard about the amendment allowing the private sponsors back. Any time there was a drastic change in regulations, with all the advocacy groups and the unions in New York City, I go through hell. Well, it was interesting that they were now united with me against this. When I spoke to Mr. Cooney, he told me about experiences that had occurred that he was familiar with in Connecticut where no child was fed because the boards of education would not run the program. On the other hand, I was able to tell him about Oakland, CA and other places where, because of that change, boards of education came in. And I think we agreed that this would be a wonderful compromise, so that no child need be denied.

We in New York City have been supervised by USDA in the Summer Feeding Program, and this has been, interestingly enough, an outstandingly successful partnership. I am disturbed that,

should States be forced to administer the program, and that it not be mandated to be under the aegis of the State Education Department, which is responsible for the supervision of the breakfast and lunch, that the continuity and cooperation which is required from the school administrators will be fragmented, resulting in a disservice to the kids.

This gets me back to the fact that when there is no mission, or no goal that everybody is working toward. These are the kinds of things that happen when, myopically, each thing is looked at as a separate kind of program, with no interrelationship.

The office of School Food and Nutrition Services is in its last throes of the verification mandate. Since we are one of the two cities in the country which were required to verify 3 percent or 3,000 applications, you can well imagine what a learning experience this has been for all of us, and we will be very happy to share, as we have been asked to by USDA, our experiences with them.

It came as a shock to me, yesterday, when I received the Federal Register, to which I subscribe, dated March 30, 1984, with the new proposed rules on verification. My opinion of USDA, never high to begin with, was reinforced. [Laughter.]

Their earlier regulations had negated their original promise to provide guidance to us on how to best perform the verification, and then they came out and said, "We are not ready to share this with you, so you go ahead and then share your information with us." So yesterday, they come out and tell us, "Now, here is the guidance we promised you." Well, why didn't they wait? We are almost through. We are able to share the experiences, and so forth. They do not remember from 1 month to the next, and this is not the only thing, of what they have issued in regulations. But it is this inconsistency and this incompetence which drives administrators of programs and administrators of schools, with whom we must work, up a wall. It again highlights the fact—and I have said this to them publicly; I have even challenged them to stand up if they come under this—not one person who generates these regulations has ever been responsible for the implementation of any program, let alone for the procedures which they are telling us are mandated.

It might be interesting to mandate that they be assigned to various school districts now in the next school year, to help implement these regulations, which they are now mandating to be done, interestingly enough, by November 15. That was done because of some comments such as yours, that said by the time we identify it.

Now, if most school districts are just about completing it now, how in the world are you going to be able to do it by November 15, when—they even caution you in these new proposed regs—you must give plenty of notice to the parents that it is being verified—and that is usually, according to the previous Federal mandate, about 10 days—then, you must allow the right of appeal—and that is why we are going on and on and on. Again, I say that all of us across the country have had different experiences. We know what may work, what may not work, and we should all get together before any final rules. I do not think there is anyone who is opposed to verification. That is one thing that I have found to be supported, across this country. It is just a question of how best to do it

so that it becomes least burdensome, least costly, and becomes therefore more effective.

The CHAIRMAN. We have another panel. Can you wrap up?

Ms. CAGAN. Yes.

I do not support the reinstitution of the Special Milk Program, in schools which do have a breakfast or lunch program. Having been a teacher and school administrator most of my career, I was personally able to note the difficulty in properly and legally administering this program. There was overt identification, and schools were not clear that this program was really open to all children, and therefore it became a discriminatory practice.

On my present assignment, I also observed, in visiting hundreds of schools in our system, that the waste of milk with the small children—interestingly enough, other than what I read—was horrendous. A child consumed milk for breakfast, whether he had it at home or had it in school; received the special milk at midmorning, and then received milk again at lunch, resulting in, at best, a waste of much of this liquid, and eating less of the lunch, which was waste—and at worst, many kids, the little ones, just gave it up.

My recommendations in summary are as follows:

First, to permit by legislation the use of are eligibility for the breakfast and lunch programs where studies and application experience have shown a continuous high percentage of poverty children—whether that be 90 percent, 80 percent, whatever you think.

Second, the continuation of the Nutrition Education Training Program.

Third, the continuation of the Summer Meals Program under the present regulations or with the boards of education having the first right of refusal.

Fourth, the verification regulations should not be changed until current experiences have been shared and evaluated.

Fifth, no change in the Special Milk Program.

Thank you very much.

The CHAIRMAN. I will tell you what I want you to do. The next time you come down here, before you come, you take a little course in how to speak with conviction. [Laughter.]

As far as drinking milk, you stop preaching and start meddling. You are not aware of the dairy surplus we have.

Ms. CAGAN. Yes, I am; I am very much aware of that, but there are other ways of handling that.

The CHAIRMAN. Exactly, exactly.

Senator HUDDLESTON. I think she should do it once more, with feeling. [Laughter.]

The CHAIRMAN. Mr. Matz, please excuse me while I step out for just a minute. I have some Japanese officials I need to meet with out there, and I will be right back.

I will have far more difficulty understanding them than I have had understanding you, Ms. Cagan.

Ms. CAGAN. Oh, when you finish reading my testimony, we have applications in eight languages, and our verification answers have to be in eight languages.

The CHAIRMAN. I will be right back.

[Whereupon, Senator Huddleston assumed the Chair.]

Senator HUDDLESTON. Mr. Matz, go ahead.

Mr. MATZ. Senator Huddleston, thank you. As you will appreciate, the task in front of me is formidable, following Ms. Cagan, one of our better witnesses.

In deference to her, and in deference to time, let me ask if I may just insert my entire statement into the record and make just a few points? [1]

Senator HUDDLESTON. Without objection the statement will be included.

STATEMENT OF MARSHALL MATZ, COUNSEL, AMERICAN SCHOOL FOOD SERVICE ASSOCIATION

Mr. MATZ. Both points that I would like to highlight and bring to the committee's attention are, in fact, quotes from the USDA survey and study on the Child Nutrition Program, done in response to S. Res. 90, which was marked up and reported out by this committee.

The study is entitled "The National Evaluation of School Nutrition Programs; the Final Report." It is a rather lengthy, two-volume publication, very well done.

Finding No. 1 was that the biggest single determinant of school lunch participation is meal price. Now, that may sound like a fairly obvious statement, but believe it or not, it has come under some discussion lately. It is the main reason, also, that we are strong supporters of your bill, S. 1913, which would among other things, lower the price of a reduced-price lunch from 40 cents to 25 cents, and of a reduced-price breakfast from 30 cents to 15 cents.

Mr. Chairman, the experience that we have had in recent years totally corroborates the finding of the Department of Agriculture study: There is a very, very acute relationship between price and participation.

Our testimony contains a chart that I would like to call your attention to on page 3 of our statement. This is a chart showing the decline in reduced-price lunch in selected cities—and I hesitate to point out that this is not a national average—but these are, in fact, the numbers reported to us by these cities. It compares reduced-price lunch participation in October 1980 with October 1983. As you can see, the drop has been rather significant. The reduced-price lunch category has at the same time experienced the most significant increase in price. At the end of the 1970's, 1979, the reduced-price lunch was increased, in the last year of the Carter administration from 10 to 20 cents. Under President Reagan it has been increased from 20 to 40 cents. So, within a fairly short period of time, we have seen a dramatic increase in the cost of a reduced-price lunch.

We are not talking in that category about high-income people, Mr. Chairman, as your floor statement pointed out. The reduced-price lunch category is aimed at the working poor, those people who are not qualified for a free lunch, but nonetheless are certainly not wealthy individuals. About 70 or 80 percent of all the benefits provided under your bill, S. 1913, will go to families below 185 percent of the poverty line.

[1] See p. 165 for the prepared statement of Mr. Matz.

I have heard a lot of fairly subjective rhetoric as to whether the bill helps poor people or does not help poor people. Clearly, it depends on where you are sitting, what State you are in, and how you define "poor." The vast majority of the benefits under your bill go to people below 185 percent of the poverty line, and are, in our opinion, extremely necessary.

The second point I would like to make, Mr. Chairman, is also from the USDA report, and it deals with the nutritional quality of the program. It found that students who participate in the School Lunch Program have a higher intake of energy and most nutrients than students who do not participate in any of the school nutrition programs. The report goes on to find—and I am quoting—"The superiority of school lunch is reflected in higher daily intake of nutrients for the general school-age population and for all the population subgroups that were examined—in short, all income strata of the population."

The study also points out that the School Breakfast Program is not as nutritionally sound as the School Lunch Program. It is for that reason that we think the provision of your bill, which would increase the funding for the School Breakfast Program so as to improve the nutritional content of the program is so important.

I might mention a third finding of the report, given the fact that we are sitting here at the table of the Senate Agriculture Committee, which is that it is a highly effective program in terms of increasing the consumption of agricultural commodities. The USDA report found that school lunch promotes the consumption of domestic agricultural products by increasing the amount and quality of food obtained by participating families. And then, this sentence, which I thought was very important: "The study shows that an increase of between $9 and $10 of direct cash income would be needed to have the same effect on food expenditures as only $1 of school lunch subsidy. So, to the extent that one of the stated purposes of the statute is also agricultural, it is clearly meeting that test, Mr. Chairman.

In summary, I would like to just make one basic point, Senator Huddleston, and that addresses the subjective question of what is the basic purpose of this program. There is an awful lot of discussion—Senator Helms referred to it, previous panels discussed it, and numerous articles have discussed the topic of targeting—who should benefit and who should not benefit from the program. Implicit in that discussion—and in our opinion, an incorrect implication—is that the stated congressional purpose of this program is to function as a welfare program aimed exclusively at the poor within our society. But nowhere in the statute does it say that. As a matter of fact, the legislative history is quite to the contrary. This program is aimed at the nutritional health of all children—all children.

If the Congress wanted to change that legislative purpose, then obviously certain other things would follow. If this program was intended exclusively as a welfare program, there should not be subsidies for people that were not defined as poor. But the fact of the matter is, the purpose clause of the statute has not been changed. The purpose is to aid the nutritional health of all children. Interestingly enough, that language was written right after World War

II when the armed services found that so many people were failing physicals as a result of nutritional deficiency diseases.

So, I would like to say to the committee in conclusion: Step back from the debate over the pending regs and the pending bill, and address more boldly and more forthrightly, the basic goal and purpose of the program. If school lunch is going to continue to be, as the current law states, a nutrition program for all children, then I ask what is wrong with subsidies that are based on nonincome criteria. When you enter a national park, you do not pay entrance fees based on the income of the person, because the goal of supporting that park is not income security. As a matter of public policy, we have decided it is important to fund and protect that park.

I would say the same thing is true for school lunch. As long as the purpose of that program is aimed at improving the nutritional health of all children, then sound nutrition should be the criteria, not whether or not it is targeted toward the poorest of the poor.

Mr. Chairman, if we are going to discuss the targeting of benefits, the committee should discuss it more forthrightly, and we should discuss the basic purpose and goal of the program. If we are going to turn it exclusively into a Function 600 Welfare Program, forget about the nutrition goals, forget about the agricultural goals, forget about the health goals—then, let's amend the section of the statute that defines the purpose of the program.

Thank you very much.

Senator HUDDLESTON. I thank you very much, and thank all of you for your testimony.

Just one further comment, Mr. Matz, related to the bill I introduced—S. 1913.

Mr. MATZ. We are working hard on behalf of it, Senator.

Senator HUDDLESTON. I appreciate that. There is a lot to be done.

Mr. MATZ. Yes, there is. I notice that a majority of this committee supports it, but we still lack a few vital cosponsors.

Senator HUDDLESTON. But in spite of the questions that have been raised about the targeting the fact is that the modest restorations proposed in S. 1913 are, in fact, targeted more to the needy than they are to the upper income levels.

Mr. MATZ. Mr. Chairman, there is no question about that.

Senator HUDDLESTON. That was our purpose. We knew, of course, we could not repair every inequity that might have occurred because of the cuts, but some cuts were more inequitable than others. Our hope is that the bill corrects some of the inequities.

Mr. MATZ. It would indeed correct quite a few problems. I would just like to make two observations about your bill. One is that, as you mention, it is highly targeted on the working poor; that group below 185 percent of the poverty line that seems always to come up a little bit short. It is not a windfall for the wealthy. The second point I would like to make is that it only restores 10 percent of what was cut in 1981.

It is a modest restoration. It is one based on sound data, and I hope this committee will enact it.

Ms. CAGAN. May I make one comment with regard to that?

Senator HUDDLESTON. Yes.

Ms. CAGAN. I always, whenever I have spoken, have only spoken about what happens in New York, because that is what I know. If

there are areas in this country which feel the need, or other local educational agencies, for the Special Milk Program, I have no objection to its reinstitution—if it could be done that it is not mandated on all of us.

Senator HUDDLESTON. You want the choice.

Ms. CAGAN. That is right.

[Whereupon, Senator Helms resumed the Chair.]

The CHAIRMAN. I thank you. We have another panel to go. If you do not mind, may I file a few written questions with each of you?

Ms. CAGAN. Yes. I would be delighted.

Mr. MATZ. Sure.

The CHAIRMAN. You understand the situation. You have been here.

Mr Matz. Yes, sir.

The CHAIRMAN. I have enjoyed all of your testimony—I am sorry I missed yours, Mr. Matz, but I will read it with great interest. Thank you very much for coming; it has been a great help.

The third and concluding panel are: James Bovard, author of "Feeding Everybody: How Federal Food Programs Grew and Grew," Policy Review magazine of the Heritage Foundation; Helen Blank and Ed Cooney, representing the Child Nutrition Forum, Washington, DC. If you three folks would come forward, please.

We will hear from you first, Mr. Bovard, and I thank you very much for your patience. These hearings always last longer than we intend, but we find them very valuable and helpful.

Mr. BOVARD. It is too bad you aren't paid by the hour.

The CHAIRMAN. Well, you know, the pay raise question comes up periodically in the Senate, and I have always said that I do not want a pay raise; I just want overtime.

You may proceed, please.

STATEMENT OF JAMES BOVARD, INVESTIGATIVE JOURNALIST

Mr. BOVARD. I am Jim Bovard. I am an investigative journalist. I have written for Reader's Digest, Wall Street Journal, New York Times, and other publications. Last year, I did an article for Heritage Foundation, entitled, "Feeding Everybody" on Federal food assistance programs.

Today, I will focus my comments on the child nutrition programs. In the past three decades, the Federal Government has piled one food assistance program on top of another. Right now, we have 13 separate food assistance programs, including 10 for children. Yet, there has been little or no effort to determine each program's nutritional impact, and weigh them against the costs to taxpayers.

Federal food programs now routinely pay for five meals per child per day, and a family of four can participate in up to seven different programs. Congress seems to have assumed that the more Government spends on food, the better people will eat. But USDA dietary surveys show little improvement in lower income diets since 1955.

School lunches are one of the largest and most popular food assistance programs. The National School Lunch Program receives $3 billion a year to provide one-third of the RDA of vitamins and nu-

trients for schoolchildren. The General Accounting Office has repeatedly pointed out that the Government's lunches do not even meet the Government standards. In 1977, GAO noted, "The absence of any indication that the program is having a benefit upon the health of either needy or nonneedy children raises questions about the nutritional value of the lunch."

In 1978, GAO reported that lab tests found that a random sample of school lunches were significantly short in as many as 8 of the 13 nutrients tested. Separate tests in New York showed that at least 40 percent of the lunches did not meet USDA requirements as to quantities served.

In a 1981 followup, GAO concluded, "All types of lunches fell short of providing the recommended levels of as many as 7 of 14 nutrients tested, some to a serious extent."

The Congressional Budget Office noted in 1980, "The nutritional status of children who participate only in the National School Lunch Program does not appear to be better than that of the nonparticipating children."

Some studies have found benefits from school lunches, but it is amazing that after almost 40 years, there is no consensus that this program has improved diets.

Nor has the school breakfast proved its value. The American Journal of Public Health reported in 1978 that only two studies of the School Breakfast Program have reported beneficial effects; five others had found no difference.

A recent USDA study found that school breakfasts have lower vitamin B6, vitamin A and iron than breakfasts children eat elsewhere.

Much of the problem with child nutrition programs, as with food assistance in general, is that Government spending tends to replace money people would spend on food anyway. The School Lunch Program pays 23 cents for every paid lunch, no matter if a kid's parents are millionaires. Likewise, with the School Breakfast Program. Middle-class kids get 9 cents off their breakfast when they eat at school, thanks to Uncle Sam.

The rationale for these subsidies is that the Government cannot afford to feed the poor unless Government also pays to feed the middle class and rich. But there has to be a better way, a more cost-efficient way, to run the program.

But, only 10 percent of those getting school breakfasts come from families with incomes above 185 percent of poverty level. The Government subsidy for middle-class breakfasts results only in Government feeding more kids and parents feeding fewer.

Nor is there a good excuse for Government paying for middle-class lunches. Congress should abolish the paid lunch subsidy and force school lunch programs to survive on their own merits. If it turns out that schools cannot feed the poor without Government paying to feed the rich, then a general administrative subsidy can be given to schools according to their need. This would be as effective and much cheaper than the current system. The purpose of this program should be to improve diets, not for Government to feed as many people as possible by hook or crook.

The day care home providers program is another example of a feeding program gone haywire. In 1978, Congress abolished the

means test for recipients of free meals at such facilities. By 1982, enrollment had skyrocketed over fivefold. According to a USDA Inspector General audit, only 14 percent of children in such centers had incomes below 130 percent of poverty level; 71 percent of the children enrolled came from families with incomes above 185 percent of poverty. The result is that Government spends another $100 million feeding those who would feed themselves anyway.

And, even for low-income children, most of their families already receive food stamps, which is supposed to pay for three meals a day per person. How many times should Government pay for the same meal?

One solution would be to abolish Federal funding for all the lunch, breakfast, and other feeding programs and allow food stamps to be redeemed for school and day care center meals. This would ensure that poor kids would still have access to free meals and would end the need for 10 programs to achieve one goal.

Dr. Jean Mayer said in 1982, "If everybody who needs food stamps got them, the kids would go to school with a thermos bottle of milk and a sandwich." But since every family with incomes below 130 percent of poverty can already get food stamps, the need for more Federal feeding programs is questionable.

If the problem is that food stamps are inadequate—which I do not think so—then the food stamp allotment should be increased. But it makes no sense to have so many programs, all supposed to be doing the same thing, with no coordination and pervasive duplication.

The ultimate question in judging all these programs is how have we managed to spend so much money, yet have so little to show for it? Food assistance spending for the poor has increased a hundredfold since 1955. Yet, USDA dietary surveys show little or no improvement in the diet of the average poor person. In the nutrient the poor lack most—calcium—the poor consume less now than they did 30 years ago. Part of the reason there has been little improvement is that three-quarters of the poor already had adequate diets in 1955—before Government decided they could not feed themselves. Since then, the major industry has developed a hunger hysteria, with hundreds of press releases a year.

All these programs were supposed to combat hunger, but the average poor person consumes 10 percent fewer calories now than the poor did then. In some ways, the diets are better, and in some ways, they are worse, but there has been no unquestionable improvement.

Much of the good that food programs might have done has been counterbalanced by Federal agriculture policies that drive up the price of milk, peanuts, corn, and other staples.

We need to judge these programs by their results, not their intentions. And, by that measure, all of our food programs need to be overhauled.

The CHAIRMAN. Thank you, sir.

Ms. Blank?

STATEMENT OF HELEN BLANK, DIRECTOR, CHILD CARE AND FAMILY SUPPORT, CHILDREN'S DEFENSE FUND, REPRESENTING CHILD NUTRITION FORUM

Ms. BLANK. This isn't related to CCFP, but we at CDF are proud that we do not have the worms that they found in Mississippi and in Harlem 10 years ago, and we feel that many of the food programs have worked, and we see many children able to learn in school, and bright-eyed, who were sick and hungry before—a different point of view.

Let me talk about CCFP, because we feel we have a child care crisis in this country, and we are anxious that the Agriculture Committee not act precipitously, because we feel it has a very big responsibility.

Before I get to the meat of my testimony,[1] I would just like to address several of the points raised by the witnesses earlier this morning.

First of all, we are also proud and feel good because CCFP as a program has worked, and it has worked well. The Abt study talks about the benefits of the program to centers, and then it talks about the benefits of the program in family day care homes. "Equally striking," it says, "is the finding that participating family day care homes also serve meals of superior nutritional quality, and that these meals generally contain foods of higher quality and variety than those served by nonparticipating centers."

Thirteen child nutrition directors in the Northeast region did a study on the child care food program in family day care, and they also found that the quality and quantities of food served in day care homes improved with their participation in CCFP, because of the funding for food, and because of an increase in the availability of good nutrition information that comes with the program. This knowledge becomes twice as important, when you realize that the information is often passed on to the parents of the children, because of the close relationship and contact that is possible in family day care.

I would also like to point out that this is not a program of unparalleled growth. This program's growth has leveled off since the means test was lifted. It was only 3 percent of total program growth between 1982 and 1983. The rates in this program do not cover the full cost of food for providers. The Abt study found that 37 percent of providers' food costs must come out of their own pockets.

There was some confusion about the percentage of family day care homes that participate in the program. Most children in this country are in family day care. Family day care is a very important part of our child care system. It provides a very good use of care for children of parents who do not like more formal institutional settings. Only about one-quarter of the children who participate are in family day care. The rest are in day care centers. The for-profit centers are only a small percentage of the total program. They were allowed in in 1981, in an amendment offered by Mr. Ashbrook.

[1] See p. 170 for the prepared statement of Ms. Blank.

The administrative rates for its sponsors are not $50 for all homes; they are $50 for sponsors who serve a small number of homes, and they go down to $26 a home. Family day care providers are not all women who earn above the minimum wage. They are women who earn very low salaries; 87 percent of family day care providers earn below the minimum wage.

What is amazing in this country is that child care is subsidized by women, by low-income women. Two out of three center-based care givers earn below poverty level and family day care providers earn even less.

There was a suggestion in early testimony that if providers were not making ends meet that they had other choices—they could raise rates. Let us look at the average income of families in family day care. There are a number of studies that shed different light on the Abt study conclusion.

The national day care home study found that the average income of families was $12,000 to $15,000. We have strong reason to believe that family day care is a system used by hard-working people. The same study that found that CCFP was working so well in the Northeast also found that 69 percent of the parents in family day care were from blue collar, working class families, and that 40 percent were from single families.

Another alternative for these women was they could work a second shift. Family day care providers—and I think that the other witnesses would agree—perform a marvelous service. They work 12 to 14 hours a day, with no relief. Very few are connected to a system, and that is why CCFP is so important. There is very little time to do a second shift.

There was another insinuation about how wealthy dual-income families were. Let me point out that women who work in this country work because they have to; 51 percent of women who work have husbands that earn under $15,000; 73 percent have husbands who earn under $20,000. The average single mother was far worse off in 1981, she earned less than $10,000.

CCFP does improve the quality of care. Every study disagrees with this. It does provide some training and some monitoring. This training and monitoring is very important, because in this country, we have very few supports to child care. We do not have training money—that was wiped out in 1981—and the contact from the CCFP sponsor is very important. The national day care home study concluded that day care systems such as the ones spurred by the food programs should be promoted because they so much improve the quality of care. And again, the CCFP is meeting its goal of providing nutritious meals to children in child care.

We do have a child care crisis in this country, and we would urge that any changes made in the food program look at this crisis. Just across the street now, the Select Committee for Children, Youth, and Families, on a bipartisan basis—Mr. Marriott was an equal sponsor of this focus on child care—is holding its first hearing on the need to do something about the child care situation in this country. The demographics have run away with us, and unlike other industrialized nations, we do not have a system in place to adequately take care of our children.

CCFP is ironically the second-largest source of direct support for child care. We know this is the Agriculture Committee, and we know that you deal with food programs, but if we are honest and we look closely, all we have is the title XX social services block grant—and a small and shrinking piece of that—and the food program, and the day care tax credit, which is available to all families, but does not provide the targeted assistance that direct services do.

As I said, mothers are working because they have to, and the lack of child care is keeping other mothers in poverty. In a recent Census Bureau survey, it found that 45 percent of single mothers and 36 percent of low-income women would work if child care were available. Family day care is a critical piece of that child care system. As I pointed out, and other witnesses pointed out, it cares for over 50 percent of our children.

Family day care costs are usually lower than center-based costs. Child care can run from $1,200 to over $5,000 in this country. I found a cab driver the other night whose wife was having trouble starting up a family day care business in Falls Church. He told me her rates were low. I said, "What are her low rates?" He said, "$65 dollars a week. Her neighbors are charging $100."

If we look at what the average family earns and the average woman earns, and the cost of care, we have got a problem on our hands. Family day care providers, as I said, work odd hours, and they can accommodate lower income women and working class women who work on different shifts.

A provider in Louisville, KY, testified before the Education and Labor Committee and told about a nurse who had to work a split shift at night and then a split shift in the morning. It was only family day care that enabled her to work and enabled her to get her job, and now she earns $10 an hour.

The Northeast family day care study also showed that family day care has enabled those blue collar workers who work to move out of poverty.

We feel that it is important to help families so that they can become self-sufficient and not to cut them off when they still need help; that that is a good use of money to enable them to make it and to be taxpaying citizens.

CCFP has played a vital role in improving family day care and making it more accessible. Again, this country has very few child care supports. It has been shown that if you have some system, someone to help the family day care provider if she is sick, if she cannot take care of her children, if she needs a day off to go and get some equipment, if she needs health insurance—these women work without health coverage for themselves or for their children—or if she needs liability insurance, that being connected to a system helps. Well, the child care food program umbrella sponsors provide the bulk of those systems, because there are so few other systems. Most family day care is below ground. CCFP has been the single most important factor in moving family day care above ground. Being above ground is important, not only to the provider. When she is above ground, she pays taxes, and she earns credits toward her own Social Security, so she will not be dependent on welfare in her retirement years. It is important to parents, because

an information and referral program cannot refer you to a family day care provider who is not licensed or registered. It is important to children, because if family day care is above ground, it gets a little monitoring and a little help from umbrella sponsors. And it is the food program that every child care professional in this country and every person working in the field says has been the single most important factor in encouraging homes to become licensed and registered. And I think that we do want to know where our children are during the day.

We know that times are tight, but we would argue that this is an inappropriate time, given the limited Federal resources targeted to child care, to direct child care help, to cut any thing. And we at CDF have a point of view. We agree strongly with Mr. Matz, that it is not wrong for the Federal Government to provide some nutrition benefits that are nonmeans tested; that it is a good use of our money, and it is a good use to support a child care system and to support low-income women who are providers themselves.

We, of course, have our examples. If we doubled the liquor tax at $10.50 per gallon, which has not been raised since 1951, we could raise $3.5 billion. If the military sent nonessential messages by mail rather than teletype, we could save $20 million. We know that nonworking women need help, too. The Finance Committee just expanded the spousal IRA so higher income women can put more toward their retirement. That may be fair, because we should offer supports to women who do not work, as well as to women who work. But I think we have to look closely at the whole picture and at the fact that we are supporting higher income women through the spousal IRA. So we have to be honest about everything we do, and not go after the means test in isolation. And $50 million, we feel, is a very small amount to help providers, to help children, and to help parents, and we urge you to think carefully about making any changes in the food program at this point in time.

Thank you.

The CHAIRMAN. Thank you very much.

[The following material was subsequently received for the record:]

ADDITIONAL QUESTIONS SUBMITTED TO HELEN BLANK BY SENATOR JESSE HELMS AND ANSWERS THERETO

Question 1. You stated that the growth in day care homes has leveled off since the means test was lifted, and that program growth was 3 percent between 1982 and 1983. However, latest figures from the Department of Agriculture (for December, 1983) indicate that the number of meals served in day care homes is up 16.4 percent over a year earlier, and that expenditures for such meals are up 21 percent over a year earlier. As such, it continues to be the fastest growing food assistance program. On what basis do you make your claim that the growth in the program is "leveling off"?

Answer 1. In private conversations with Department of Agriculture officials, it was indicated that program growth was leveling off. There was a smaller percentage increase in program growth in 1983 versus 1981 and 1980. It is also important to note that expenditure figures include a factor for inflation. In December 1981, average daily attendance was 217,200. In March 1983, it had grown only to 259,000 while in March of 1984 it reached 302,751. These figures do not represent an extraordinary increase in participation. It is impossible to examine program growth without considering the surge of mothers who have entered the labor force in the past twenty years. Child care is an extremely important and growing need in this coun-

try. Fifty eight percent of mothers of three to five year olds are now in the labor force. 8.7 million children under age six currently have mothers in the labor force.

Familiy day care accounts for more than 50 percent of all of our home care. However, 750,000 children who participate in the Child Care Food Program are enrolled in centers while only 250,000 are in family day care homes. Thus, day care homes account for only about a third of all CCFP funding.

Only about 5 percent of the about 1.8 million child care homes participated in CCFP last year. It is difficult to see participation of family day care expanding significantly since only about 10 to 30 percent of these homes are now regulated. Future growth of family day care participation is likely to remain small. Each home must be licensed or approved by a government agency. The majority of homes are unregulated. Disarray in licensing offices because of significant cutbacks in staff over the last several years will make it very difficult for additional homes to even obtain approval for licensing or registration.

Question 2. I believe that one of the discrepancies in the income levels of families served by day care homes may be due to the different date of the studies being used. The National Day Care Home Study to which you referred was published in September 1981, but examined day care homes during an earlier time period. The September 30, 1982, OIG report on Quality Child Care, one of the largest family day care homes sponsors in the Nation, was based on participation in September 1981. The report prepared for the Department of Agriculture by Abt Associated (published August 2, 1982) examined day care home participation in January 1982.

The latter report concluded "The most important factor explaining the recent growth of the (day care home) program is the ability of sponsors to recruit homes serving middle-income children. . . . Prior to (eliminating income-based reimbursement rates) only 32 percent of the children served in participating family day care homes were in the paid income eligibility category; by January 1982, more than 60 percent of these children were in the paid category."

Do you have any nationally representative statistics on current participation in day care homes which would contradict the findings in these two reports?

Answer 2. Unlike the Abt Study and the OIG Study, the National Day Care Home Study is a nationally representative study. The OIG Study only included homes served by Quality Child Care. A recent survey of CCFP sponsors in the Northeast region carried out by the Connecticut Department of Education found that 69 percent of the parents using the day care homes participating in the Child Care Food Program in the region held blue-collar or unskilled jobs and that 40 percent represented one-parent families. Furthermore the report stated: "The availability of CCEP funds has enabled many providers to remain in operation and to keep their fees at an affordable level. The accessibility of affordable day care has freed many families from low-income status."

Question 3. For the record, I think it important to note that all of the figures used in your testimony regarding salaries of those sending their children to day care homes, providers, and average day care costs represent figures which are now at least three or four years old. Doesn't this lead to misinterpretation of the current situation with regard to day care homes?

Answer 3. Since the period mentioned in the question, while inflation has moderated, public support for centers and home has been cut. There is no reason to believe from any expert in the field of child care that salaries of child care workers have increased to alter the data presented in the April 4 testimony. A reimbursement rate chart for centers and homes representing Title XX funded programs between 1981 and 1983 which indicates little increase in rates is enclosed. In addition, a survey done of well over 100 Family Day Care Associations indicates that providers do not raise rates on an annual basis once they have begun to serve a family. There is no misrepresentation in the statistics presented on salaries of child care workers. They continue to earn extremely low wages.

Question. 4. Are you aware that reintroduction of a means test, as provided in S. 1994, would actually increase the reimbursements made on behalf of poor children from families with incomes below 130 percent of poverty? Day care home providers serving the poor would actually receive increased Federal assistance; only those providers serving children well above the poverty line would receive a reduction in Federal reimbursements. If the income of those parents sending children to day care is low, why would you oppose a means test, which would increase Federal reimbursements for children from the most needy families?

Answer 4. The administrative costs to sponsors would rise significantly with a means test. In addition, the fear of sponsors that providers would have difficulty in keeping accurate records would deter sponsor participation. S.1994 makes no provision for increased administrative costs to sponsors. The complexities of different re-

imbursement levels in a small home would deter many providers from participating. When they drop out, the low-income children they serve would receive no benefits from CCFP.

The food program may be the sole reason that providers serving children of diverse income levels are licensed or registered. If they drop out of the program and go underground again low-income children are denied the program's benefits.

Finally a discriminatory situation would result when a provider managed to stay in the program and some children brought their own food (because the provider is unlikely to be able to raise rates to cover the additional costs) and others in a small setting participated in the Child Care Food Program. Nancy van Domelen, representing the Child Care Food Program Sponsors Forum summarized the negative consequences of a means test in testimony delivered before the Agriculture Committee in March of 1984: "The reinstatement of income eligibility criteria could bring about a sharp reduction in provider participation in the Child Care Food Program which would raise the level of administrative cost, decrease the economies of scale, and force many sponsors to drop out of the Child Care Food Program. Those sponsors that remain in the program will experience problems with: dramatically increased paperwork from income documentation, difficulties with recruitment of low-income children, confidentiality complications involving providers who resist gathering income information from parents, and possible discrimination against middle and high income children in the offering of available slots for child care.

Question 5. Do you have any evidence to support your contention that return to a means test will result in day care home providers (in the child care food program) actually discontinuing day care? Those providers that serve primarily nonpoor children may decide that reduced Federal reimbursement no longer make participation in the child care food program worthwhile, but what makes you suggest they would discontinue offering child care altogether? Additionally, are you aware that national participation in the child care food program by day care homes increased even during the earlier period in which the means test was in effect?

Answer 5. Nationally, participation in the Child Care Food Program by family day care providers grew more rapidly when the program was first open to family day care homes because it was moving from a zero base of participation. In addition, the child care system was in a stronger position. Title XX training monies were available and licensing agencies were not experiencing cutbacks.

The growth in family day care participation over the past five years in CCFP has resulted in many providers becoming licensed or registered and thus more accessible to parents. Information and Referral Programs cannot even refer parents to unregulated providers.

As providers dropped out of participating in the food program, they would no longer have the impetus of CCEP to remain licensed. Furthermore, the current disarray in licensing offices would act as a further impetus to force them underground. This would make their services inaccessible to many children and families.

State Reimbursement Rates for Title XX/SSBG Funded Child Care

	Center Rate				Family Day Home Rate			
	1981	1983	absent days reimbursed	reflect full cost	1981	1983	absent days reimbursed	reflect full cost
Alabama	$105-$175/mo.	$130-$145/mo.	x		$85/mo.	$95/mo.	x	
Alaska								
Arizona	$8.20/day[11]	$8.60/day[12]		x	$8.20/day			x
Arkansas	44¢-90¢/hour	same	x	x	44¢-90¢/hour	same	x	x
California								
Colorado	counties decide				counties decide			
Connecticut	$35/week[16]	$55/week[16]	x		$25/week[16]	$30/week[16]	x	
Delaware	$48/week	same	x		$27.50/week	same	x	
D.C.	$12.50/day[1]	same	x	x	$7/day[1]	same	x	x
Florida	$28.25/week[1/2]	$37.50/week[1/2]	x		$31.65/week[2]	$43/week[2]	x	
Georgia	$2,400/year	$7.59/day	x		$2,400/year	$7.59/day[5]	x	
Hawaii	$100/mo.;[3] $234/mo.	same	x	x	$100/mo.;[3] $234/mo.	same	x	x
Idaho	$5/day	$6/day			$5/day	$6/day		
Illinois	$9.60/day[4]	$10.93/day[4]	x	some-times	$5.60/day	$7.27/day	x	
Indiana	$7.74/day	$8.02/day		x	$7.61/day	$7.68/day		x
Iowa	$9.22/day	$11.50-11.75/day			$7-7.50/day[5]	$5-8/day[6]		
Kansas	$7.55/day	same	x		$6.05/day	same	x	
Kentucky	$7/day	same		usually	$7/day	same		usually
Louisiana	$5.60/day	$6.30/day	x	x	$3.71/day	$4.20/day	x	x

State Reimbursement Rates for Title XX/SSBG Funded Child Care
(continued)

	Center Rate				Family Day Home Rate			
	1981	1983	absent days reimbursed	reflect full cost	1981	1983	absent days reimbursed	reflect full cost
Maine	$55/week[7]	$58.30/week[7]	x	*[8]	$45/week[7]	$40/week[7]	x	*[8]
Maryland	$8.80/day	$9.25/day	x	x[9]	$5.50/day	$5.85/day	x	*[9]
Massachusetts	$12.48/day[1]	$13.17/day[1]	x	*[10]		$13.03/day	x	*[10]
Michigan	$7/day[1]	same[1]			$5.50/day[13]	same		
Minnesota	counties decide				counties decide			
Mississippi	$9.90/day	$10.60/day	x	x	$6/day	$6.50/day	x	not always
Missouri	$8-14/day	$8/day[21]	x				x	
Montana	$6/day	$7.50/day			$5.50/day	$6.50/day		
Nebraska	$7.50/day	same	x		$6/day	same	x	x
Nevada	$7/day	$8/day[20]	x	x	$8/day[2]	$6/day	x	x
New Hampshire	$7-12/day	$8/day	x		$6.50/day	$6.50/day	x	
New Jersey	$52/week[2]	same	x		$22/week[2]	same	x	
New Mexico	$6.50/day	same[19]	x		$6.50/day	same	x	
New York	$68/week[22]	$77.50/week[22]			$47.48/week[23]	$51/week[23]		
North Carolina	$7.65/day	same[1/24]	x		$6.45/day	same	x	
North Dakota	90¢/hour[2]	$1/hour[2]	x		90¢/hour	$1/hour	x	
Ohio								
Oklahoma	$8/day	same	x[14]		$7/day	same	x[14]	
Oregon								

State Reimbursement Rates for Title XX/SSBG Funded Child Care
(continued)

	Center Rate				Family Day Home Rate			
	1981	1983	absent days reimbursed	reflect full cost	1981	1983	absent days reimbursed	reflect full cost
Pennsylvania	$3,378/year[1/13]	same			$2,381/year	same		
Rhode Island	$20-48.85/week	$40.85/week	x		$22/week	$23/week[2]		
South Carolina	$1.02/contracts $1.54/dir. ser.	$1.14/contracts $1.68/dir. ser.	x	x	90¢/hour	90¢/hour	x	x
South Dakota	about $1/hour	same				Title IV-A		
Tennessee	$27.50/week	$40-50/week[18]	x	x	$25/week	$27.50/week[18]	x	
Texas	$10.87/day	$8.57/day	x		$8.22/day	$8.75/day		
Utah	$6.75/day	$7.50/day	x		$5.65/day	$6.25/day	x	
Vermont	91¢/hour	$1.01/hour	x	x		84¢/hour[24]	x	x
Virginia	counties decide		x	x			x	
Washington	$7.77/day	$8.33/day			$7.77/day	$8.33/day		
West Virginia	$6.50/day	same	x				x	
Wisconsin	counties decide		county		counties decide		county	
Wyoming	85¢-$1.25/hour	same	county		60¢/hour	same	county	

Footnotes

1 Range--rate is for preschool, higher rate for infants.

2 Maximum rate.

3 $234/month for purchased contract care; $100/month for voucher program.

The CHAIRMAN. I have got to go and preside over the Steering Committee.

Tom, what I want you to do is to take Mr. Cooney's testimony, and then, to the extent that the others who have testified this morning, I think the most beneficial thing I can imagine is to just have a discussion of the various points of view—all of you are persuasive. But if you have the time to do it, just come back to the table after this gentleman's testimony, and Tom, you serve as the catalyst, and let's just pick their brains, because we have got some good brains in this room this morning.

Mr. COONEY. Tom said there are some cots in the back, so we might be here a while.

The CHAIRMAN. That will be fine. But I do appreciate all of the witnesses this morning, and I am sorry that more members of the committee were not here, but we all do a lot of reading of the testimony of hearings we are not able to attend, and those who have been connected with this body understand how that works. But I do want you to know that, personally and as a Senator, I appreciate your coming.

So, Tom, if you will take over and get this roundrobin going here, I would appreciate it.

Thank you very much.

Mr. COONEY. Thank you, Mr. Boney.

Despite some ugly rumors to the contrary, advocates do not get paid by the word, so I am going to try to make this brief.

I do have a statement for the record, which I trust will be incorporated.[1]

Mr. BONEY. Yes.

STATEMENT OF EDWARD COONEY, REPRESENTING CHILD NUTRITION FORUM

Mr. COONEY. I would like to thank Senator Helms and Senator Huddleston for the opportunity of presenting this testimony. Helen and I are testifying on behalf of the Child Nutrition Forum Steering Committee. I think many members are aware of the committee, but the purpose of this particular group is to embrace the chief objectives of the National School Lunch Act and the Child Nutrition Act, which is to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious agricultural products and foods.

The Forum believes that these objectives will best be achieved through the adequate funding of these programs authorized by these two laws, and we oppose any attempt to reduce Federal support for them.

We have at times been viewed as critics of the administration's policies, and that has been true of all of the administrations since 1970 when FRAC, as an individual group, was formed, and I would like to speak a little bit to that.

But we do have an area in which we do agree on some policies, and I thought that perhaps you could share this with Senator Helms. It is a book called, "Doing More With Less." It was pro-

[1] See p. 174 for the prepared statement of Mr. Cooney.

duced by the Child Nutrition Forum, and while it acknowledges that there is a vital and necessary Federal role, it also acknowledges that the quality of school lunch can be maintained by taking some innovative steps to reduce costs. It also recognizes that the private sector can provide additional and valuable assistance to school food authorities, and that we can build on new and innovative ideas without getting involved in Presidential politics.

We got a grant from the Foundation for Child Development and the Rockefeller Foundation, to involve school food authorities, directors, administrators, advocates, members of public and private industry to come up with these suggestions. We locked these folks up in a room for 48 hours, had a stenographer, wrote a book, and distributed it to 15,000 local school food authorities at no charge. Aetna Life Insurance Co., thankfully, gave us the funds to produce the book, in terms of printing. We think it is a cooperative effort. USDA, not only nationally, but in their regional office in New England, provided us with invaluable assistance, both in terms of time and material and so forth, and we credit them for those efforts in the book.

We hope that the Department and other agencies will benefit from it.

We do have some areas of specific legislative concern. One of those areas is the School Breakfast Program. And, as the lady from Texas indicated, we also feel that there is a need to improve the quality of the School Breakfast Program. There was a mention earlier today about the national evaluation of school nutrition meals, and in that particular study, they do make a recommendation that the meal pattern of the School Breakfast Program be improved.

I know the administration would like to target benefits to the needy, and if that is their desire, certainly, the School Breakfast Program is one area where they should look. Almost 90 percent of the children in that program get a free or reduced-price meal.

It is also true that the Government Accounting Office has in the past found that school breakfast reimbursements were, in fact, inadequate. What we are recommending is an across-the-board, 6-cent increase, so that we can provide not only protein, but a wider variety of fruits and grains. While that does not mean to say that some of the school lunch directors are not providing a dynamite breakfast right now, as was indicated in the Texas testimony, if you take a look at Texas, there is a State that has a State law that says that if you have 10 percent or more of your kids getting a free or reduced-price breakfast, you have to provide breakfast to all children. It is a State rights issue. What we would like to do is to improve the meal pattern for those schools. Texas brought in 4,600 schools in 1 year into the breakfast program. We are very proud of the efforts of not only the State education agency in that area, but also the local school lunch people.

There are a number of different studies that impact on the School Lunch and Breakfast Programs that sort of give you a flavor of how valuable some of these programs are. Mr. Matz referred to the national evaluation before, which talked about students who do participate in the School Lunch Program, in fact, do have higher intakes of energy and more nutrients. But the study also indicates that, "It is worth noting that many of the nutrients

for which school lunch participants show superior intakes—for example, vitamins A, B6, calcium and magnesium—are also ones that typically are deficient in the diet of the school-age population." So without a School Lunch Program, you would not be getting those nutrients.

It is also true that the School Breakfast Program has had a fairly dramatic impact on children's lives. Barry Popkin, from the State of North Carolina, the University of North Carolina, had a study which USDA funded, which concluded that:

> Participation in the school lunch and school breakfast programs is associated with improvements in nutrient intakes frequently found to be under-consumed by children of school age.

His analysis provided strong evidence that participation is associated with increases in nutrient intake for some of the most needed nutrients, like the ones that I have pointed out. Mr. Bovard indicated earlier in his testimony that the General Accounting Office in 1977 pointed out that you need to take a look at the nutritional value of the School Lunch Program. That is true. That has happened. The National Evaluation of School Nutrition Meals is a $4 million, 4-year, study, a nationally representative sample, which, frankly, came out of Senate Resolution 90 and some of the GAO findings, and it found that the children benefited from school lunch. They found it to be a superior meal.

I want to point out some of that, because I think it is helpful, particularly if you want to focus on low-income, and as other parts of the bill do, on the working poor, that you should take a look at the School Breakfast Program.

There are some other general comments that I would like to make about school lunch. There has been a lot in the press recently about are there too many programs, is it a situation where you have 10 child nutrition programs and are people getting too many benefits. Well, in the National Evaluation of School Nutrition Meals, they took a look at that issue, and they found the following—and I quote:

> Both the school lunch and breakfast programs function more as food supplementation than as income supplementation programs. This is because in general, Federal subsidy results in an increase in the value of food available to the family, rather than an increase in discretionary income. Moreover, both programs are likely more efficient than the provision of additional cash income in accomplishing food supplementation goals.

So I think the committee can take some credit for, over the years, having child nutrition programs that are well-organized and well-managed, and in fact, achieve the goals that the committee is most interested in achieving.

There was another general comment that there is some concern over caloric intake in these particular programs. I would just advise the committee to take a look at something more than calories. The population as a whole—all people—are consuming less calories these days. That may be due to a number of factors. But it is more important to take a look at the nutrients and the vitamins that people are consuming, not the calories.

If you take a look at the food consumption survey, they have found between 1965 and 1977, that there has been a significant improvement in the diets of low-income people. That is part of the

reason why we support bills like S. 1913. I know that there is some disagreement in those areas, but in terms of the breakfast meal pattern, in terms of additional meals for the Child Care Food Program, we think that those are areas which you may want to look at.

We are also concerned about a focus that the Department has no nutrition education and training program, because we believe, with people who have testified earlier on both sides of the aisle, whether they be Republican or Democrat, and we do appreciate the bipartisan support that these programs have enjoyed. But the Department has pointed out in the area of nutrition education that the chief or sole goal was curriculum development, and since that has been achieved, we do not need to take another look at what we are doing in terms of nutrition education. We would submit that there are really three other goals in the statute that are worth taking a look at. You have a situation where nutrition education and training program, also provide for nutrition education not only to the kids, but nutrition education for the teachers, and it also, according to Kate Clancy, one of the past presidents of the Society of Nutrition Education, the NET program not only teaches the concepts of food as it relates to nutrition, but actually puts these concepts into practice in the lunch room. It does, in some senses, dovetail with some of the concerns that Senator Helms has had in the past. He has frequently indicated that he warts an expansion and an acknowledgment of volunteers, people who stimulate, act as a catalyst, and provide programs.

Here is a $5 million program that reaches millions of kids, that basically provides for a half-time State coordinator, and the increase in funds—which I know that Senator Dole is taking a look at this program, and I know that Senator Huddleston is taking a look at it, and certainly, Senator Helms—but if the program were funded at a $10 million level, that would provide one State level full-time coordinator, and we think that would be a very good thing to have.

I guess that sums up the areas where we sort of agree with the administration. There are a few other areas, in which we disagree. One is the recommendation that came forth recently in the Grace Commission, which got a lot of play, and I know, Tom, you are familiar with it, and the members of the committee are, because they have addressed it before. We are concerned about the issue of whether or not you should count child nutrition program benefits as income for the purposes of addressing food stamp eligibility. We are opposed to it. And the reason is that this same national evaluation of school nutrition meals—and this is a 4-year study which carries the signature of the U.S. Department of Agriculture—found that school lunches for low-income families, in fact, do not replace other food. Food stamps are supplementary. And we are concerned about an effort that is recommended by the Grace Commission that would, in effect, take away $7 a month from food stamp households. We think the American School Food Service Association has testified against this provision in the past, and the Senate Agriculture Committee, in fact, has taken a vote on this issue under an earlier proposal by the administration, which is different than this one—it would have subtracted $10 a month. But that was a vote on

a bipartisan basis of 14 to 3, and the concept was rejected. We feel that it was a bad idea, whose time has come and left.

We also have similar concerns on the issue of block grants. The President's Task Force on Food Assistance has recommended a general block grant which would eliminate national uniform eligibility standards and set local benefit levels. We are concerned about this, because we have talked to the people who are going to have to administer these programs. We have talked to the National Association of Counties—which, in general, supports the concept of block grants; I believe that is their position. They do not support block grants in the general area of income maintenance, and the reason they feel that way is the same way the National Governors' Association, the U.S. Conference of Mayors, and so forth, and the school lunch directors, as well—the very people who are going to have to administer these programs raise the concern that they feel that there is a vital and necessary Federal role in terms of nutrition; that we as a nation should recognize that what happened to us in World War II, in terms of anemic 19-year-old males showing up and being rejected, we do not want to have that happen again. Since we are fortunate enough to be this close to Williamsburg, and if we wanted to return to the colonial days, we could do it, because it is only a 2-hour drive. There is this concern of the national role, and this is something that Mr. Bovard and other members of the panel—in our free-flowing discussion—I think if we could get someone of the caliber of Mr. Matz back to the table, I am sure we could tackle this issue head on.

I had one final note. That is that Liz Cagan mentioned a concern about the withdrawal of the USDA program administration. And, Tom, I heard you address the American School Food Service Association, so I know that you are concerned about this issue. We agree with the statement—and we have sympathy for the Department of Agriculture, not only in this administration, but in past administrations—they do not want to administer these programs. They do not feel it is in their vital interest. They feel that the States should administer the program. We agree with them. However, if you do not have any protections, like a requirement that the States actually run these programs, you are going to run into difficulties, because there are 9 States which do not administer the Child Care Food Program; there are 17 States that do not administer the Summer Food Program. There are hundreds of thousands of children in those program sponsors, and either the State administers it, or the USDA administers it. They have only got two choices. The States have turned back the administration there.

You have a separate problem, and I have outlined it in my testimony, and there are charts that sort of describe it fully, but you have the private school issue. There are, as you know, some States that, either by State constitution, State statute, or State policy, do not administer funds that go to private schools. And it may not be realistic to expect them to change their State constitution to do that.

I raise these as issues that you in future hearings may want to address and that we, as interested groups that want children to be fed, as members of the committee do, we want to make sure that the administrative hurdles associated with this problem are ad-

dressed and overcome prior to the time that USDA takes the money and runs.

I guess that is basically it, except that we do agree with the statement made by the American School Food Service Association, that 70 to 80 percent of all the funds in S. 1913, which we strongly endorse, go to the working poor—people who have incomes between 130 percent of the poverty line and 185 percent of the poverty line. And we as a nation, I think, should be committed to providing those funds.

We do appreciate the fact that Senator Helms stayed here almost through the whole testimony, knowing that he has other commitments. But I have been waiting for years for an opportunity to address Mr. Boney, and this has been a break for me.

Thank you.

Mr. BONEY. Before we resume with the others at the table, perhaps if these panels have any discussion with each other.

Mr. COONEY. Well, there is one other point. Jim mentioned the concern about school breakfasts, and he looked at the American public health survey. If you are looking for impact, the actual, final conclusion of that study was that the studies on school breakfast, at least at that point—this was 6 years ago, 1978—the studies that focused on this issue showed that the effects of hunger or morning feeding suggest that the provision of breakfast may both benefit the student emotionally and enhance his or her capacity to work on school tasks.

So, while we are not going to agree on all the issues, we should share the view that these studies do reflect and have reflected rather consistently that they benefit children. I guess that is all we have to say, and I am sure we can have some sort of roundtable discussion on this.

Mr. BOVARD. Ed, you mentioned that the nutrients were more important than the calories, as far as the diet——

Mr. COONEY. That is what my nutritionist and companion and wife has just briefed me on, about 5 minutes ago—I do not know.

Mr. BOVARD. Yes, I fully agree on that; there is no question that the nutrients are at the bottom line. The thing that concerns me is that there has been so much talk about hunger being so widespread, when in less-developed countries, the usual measure of hunger is the per capita calorie intake. It is one thing to say these programs are fighting hunger, and it is another thing to say they are fighting nutrition. I cannot see that any case can be made for Federal programs fighting hunger, when the average poor person's calorie consumption is down. So you can talk about nutrition, but not about hunger.

Mr. COONEY. Well, we would have a disagreement with that. We have a lot of studies, and people refer to them as "antidotal," and many of them are. That is an accurate assessment of some of the studies. Others are not antidotal. The Harvard School of Public Health, while maybe something is wrong with that institution, antidotalism isn't one of them.

I was in Utah. I spent a week out there. It was the last place that I thought that I would find a study on hunger. The Department of Social Services has just come out, on February 6, with a study on hunger in Utah. And it is increasing in certain areas, par-

ticularly among the elderly. That was the specific finding. They agree with you on the point that there is more evidence needed; that the studies need to be more scientific; that USDA and HHS have to decide the major turf battle in the sky—who is going to do nutrition, how is it going to be done, and how much money is going to be spent.

And the Utah study does agree that you need more kinds of things along that line. But they found that there is a significant increase in their participation in the Food Stamp Program; their WIC Program has expanded recently. And they have found that over 10 percent of all elderly people who reside in Utah are hungry. That is a specific finding. I mean, Utah is not generally perceived to be in the forefront of liberal thought—it may be. It may be ahead of its time on this. But I just think you ought to look at that stuff.

Mr. BOVARD. Yes. I am not saying there is not any hunger here, but I am saying that if we've still got hunger after increasing these programs so many-fold, you have to wonder about the basic effectiveness of the programs. I think in general, the programs tend to replace money that people would spend on food, anyhow. There are a lot of exceptions to that, but I think——

Mr. COONEY. Well, the National Evaluation of School Nutrition Meals, a $4 million USDA study, disagrees with you on that point, and that is an important point. They say that that is not so, that these programs do not, in fact, replace money that people would be spending on other food.

Mr. BOVARD. There was another USDA study in 1982 on the elderly cashing out the SSI recipient food stamps. And USDA found that the elderly only spent 14 cents of each dollar in cash on food. So in other words, there was very little food need, according to that study.

Mr. COONEY. Well, I agree with your general point, and that is why I gave the book to Tom, that we need to look not only at issues relating to hunger, but we need to look at the quality of meals being served, we need to look at are they being well-targeted, are they serving the population in the ways that they are designed to serve. However, I will point out that the programs have grown partly because in 1963, you had very few counties in America even having any food stamps at all. In 1967, when the often-quoted Field Foundation went out, they found significant problems nutritionally, and 10 years later, they came back, when those programs were then in place, and they found that those problems were no longer as significant. Today, you have—I do not know—I think 53 cents a meal is your average food stamp benefit. If someone is overeating at that level, I would like to meet them, and show them to the folks that drive around in the Cadillacs and pick up the steaks, and we will let the air out of their tires, and we will have these programs in better shape.

Mr. BOVARD. Well, it is not really relevant to talk about the average food stamp benefit, because——

Mr. COONEY. It is, if you are the average guy getting the benefit.

Mr. BOVARD. OK, but the person is also supposed to supplement that with their other income.

Mr. COONEY. Well, that is true.

Mr. BOVARD. A person with zero income——

Mr. BONEY. Well, let's try to stay on child nutrition today, if we can.

Mr. COONEY. I always blow it when I get to food stamps.

Mr. BONEY. Did you have something you wanted to insert in there?

Ms. BLANK. Well, it is a general statement, and it would relate to food stamps and child nutrition. Eligibility standards for these meals are pretty low. I used to work in food stamps, and I have not for years, but I know they have cut back on eligibility standards, and when you earn $9,000 or $10,000 a year, and your rent is $300 or $400 a month and you have to buy your children shoes or clothing, and you probably do not have health insurance, and you are paying for that, if you are having any health coverage at all, you do not have too much to supplement your food stamp benefits. So I think you have to look at what people are struggling with in terms of their basic budgets.

Mr. BOVARD. I think the cut off is $12,500.

Ms. BLANK. For a family of four, that is not a lot of money. If you look at—and we have done this, and I am not going to do it today—but if you took apart a budget, and you looked at what they spent for rent, and you looked at the increased costs of their utilities, and if you looked at their medical costs, I think you would find that there wasn't a penny leftover for extra food. I mean, think about raising two children on $12,000 in Washington or anywhere else in this country.

Mr. BONEY. If you don't mind, let's try to stay more to child nutrition today. We will have plenty of time for food stamps at other times.

Let me just ask you, Ed, in your prepared remarks, on the first page, when you say that this Child Nutrition Forum that you're representing today opposes any attempt to reduce Federal support for the programs, is "support" synonymous with "funding?"

Mr. COONEY. Not necessarily. Your point is well-taken. We believe, and the statement should reflect, in well-managed, well-run programs that provide the benefits. And if recommendations come forth that the advocacy community, the child nutrition community, whether we have bipartisan support for these positions, but we are not going to support something we cannot defend. This is probably one of the least known facts in the world, but the chairman of the board of my own organization is a fairly well-known Republican attorney. I just share that with you to show that while we have been hostile to some of the administration policies—and that may be a generous word, on my part—we also do support things that they do well. We think that that national evaluation of school nutrition meals—that spanned two administrations. Senate Resolution 90 came out of this committee. We are very pleased at that—and we do not like everything in it—you know our position on income verification and so forth, and there is some stuff in there that we do not like, but we thought it was a pretty good effort, and it has been received fairly well, on both sides of the aisle and on both sides of the Capitol.

To answer your question, though—yes. If there are problems with programs that are not being well-served, then we would not say that funding is synonymous.

Mr. BONEY. Are there any areas in the child nutrition programs before this committee, either up for reauthorization or otherwise, where you have identified problems, inequities, or whatever, where changes would result in any reduced spending? Do you have any suggestions?

Mr. COONEY. Well, we have identified some areas where inequities exist. For example, as Ms. Cagan pointed out, at Mr. Goodling's recommendation, we had a tag team wrestling match over the issue of private sponsors for the Summer Food Program, because where I come from—I am originally from Connecticut—and when I came to the Food Research and Action Center, I started working on that program, and I found out that in certain areas, like Des Moines, IA and New London, CT, we were not able to find school boards and school food authorities that were enlightened enough to sponsor the continuation of the school Lunch Program in the summer. And there were problems with the private nonprofit sponsors, and they were eliminated. So I went to talk to people on the House side and said, "Can't we do something about this inequity?" And we have painfully, but not finally, worked out a scenario where you have private nonprofits that self-prepare their meals, that are limited in the number of students that they can serve, and that are limited in the number of sites that they can participate in—and Liz Cagan would like, and we agree, that school food authorities and public agencies should get a first shot at sponsoring it, but if they do not, we want a mechanism in place so that local nonprofits who are small and do self-prepare can take care of the 500,000 kids that we lost. So that is one area we looked at.

Mr. BONEY. That is an area you looked at, but the net result of that would actually be an increase in spending. My question really was are there any areas where the net result would be any reduction in spending?

Mr. COONEY. Not yet. But Laura Rice has been rather painfully clear in her requests for us to do the same thing. We tend to be better at finding——

Mr. BONEY. Ways to increase spending.

Mr. COONEY [continuing]. Provisions that have modest increases, rather than deep cuts.

Mr. BONEY. That is a general condition that is often easier.

Let me ask the people to come back, then, if you would—the ladies from Colorado, and Mrs. Smith and Ms. Brogdon and Ms. Cagan—and we will have a little bit of a round-robin discussion.

Mr. COONEY. We agree with whatever Liz Cagan says.

Mr. BONEY. This is obviously much more informal, so any nervousness can be gone now.

Several of you brought out, and Marshall did, as well, in his testimony—he had to leave—the idea of increasing the reimbursement for the breakfast program, and the assertion in both his and in Ed's testimony is that it would be used to increase the nutritional value of the meal. What is to ensure that that would be the effect of such an increase? I mean, how can we be sure that 6 cents

worth of increased protein or whatever will result from a 6-cent breakfast reimbursement?

You can start.

Mr. COONEY. I think that is something that we are—we, as a community, and you as a committee—have to work out with the Department of Agriculture. They are going to have to take a look, and they may come back with counterproposals to your committee, as to how do you do it. In terms of the what the normal way is, two things have to happen. You have to pass a law, and the President has to sign it, and then USDA has to develop and implement regulations which, in our opinion, should require a general improvement. We had initially started out by saying why don't you have it three times a week, improve the protein requirement. Well, some of the school lunch programs, and some of the better school lunch programs, do that already for breakfast. Some of them do, and we acknowledge that.

It was suggested to us as an administrative matter that it might be better to spread the 6 cents over 5 days, and then have a regulation developed that not only provides protein, but that enhances the possibility that a wider variety of whole grains, fruits, and vegetables get provided. These things cost money. In our experience—and the GAO has told us—in many places, the breakfast reimbursement was not adequate—and this study is 4 or 5 years old.

So, to answer your question, I think we all have to work with USDA in the development of regulations which would require that the money be spent in that fashion, and then we have to do it as an individual school breakfast person, as an advocacy group working with parents and children, and as this committee and the Department—the committee has oversight reaponsibilities; we have personal and moral and programmatic responsibilities, and the Department has capacities to monitor. We have to monitor that those regulations are implemented not only fairly, but accurately.

Ms. CAGAN. Right now, in New York City, we have a mandated breakfast program.

Mr. BONEY. You do have a mandated program, as well?

Ms. CAGAN. Yes. But when the State monitors come around right now, one of the things they do is they visit the breakfast, the lunch, and review the applications, and so forth. They list the menu; they even go so far as to figure out, if you open x number of cans of juice, if you happen to be serving juices, that it is sufficient to meet the requirement as set. So that this would really not be anything different. If they had this mandated that the extra money go for the provision of the meat or meat alternate—I do not think it is any additional burden or any new regulation, other than it comes out and says, "from now on, these are the requirements."

Mr. BONEY. But my question, really, is how do we ensure that we are going to get 6 cents more worth of nutrition than we are currently getting. Are we just going to pay 6 cents more for the same status quo?

Mr. COONEY. We would be opposed to that.

Ms. BROGDON. Well, from the meal pattern; add it to the meal pattern.

Ms. CAGAN. I like what Mr. Boney is saying—how can you assure that the 6 cents—maybe it will cost you 2 cents or 3 cents—how

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can you assure that the full 6 cents is going to be added to the breakfast program?

Mr. BONEY. That it is going to improve—not just sort of subsidize existing levels, but that you are actually going to get 6 cents more worth of some sort of food, preferably protein.

Ms. CAGAN. Well, a comparison of the previous menus as compared to the current menus is an obvious way.

Ms. BROGDON. Then it could be monitored by the States.

Ms. CAGAN. Yes. I mean, they are easily monitored by the States.

Ms. BROGDON. As Liz says—they do that in Texas. They come in and they measure the food, they see how many cans you have opened, how many children you prepare for. They are constantly monitoring to make sure that we are meeting the meal pattern requirements. So if you add—right now, it is just a recommendation—if you, for instance, say, "you must serve one ounce of meat/meat alternate on a daily basis," you are going to have to do it.

Mr. COONEY. So in other words, the Department is going to, after the committee and Congress expresses its will and the President signs this, hopefully, USDA will have to work this out. What they have done in the past—and the Department has done this for years, and we would strongly recommend they do it again—is get people in. You know, you have two witnesses here—one of the Nation's leading experts on meal patterns is sitting in the back—you get people in from the various communities, and you talk to them, and you develop a standard, and you work it out. But we want to do what you are saying. We do not simply want to increase the meal reimbursement, although frankly, it would help States like Texas. We had another amendment that did not quite make it on either the House side or the Senate side, which would help States like Texas, which are required by law, and there are several States—you just happen to have two of them here, New York and Texas; Tennessee just passed a new one, and there is pending legislation in a number of other States—we want those States to automatically qualify for the higher, severe need reimbursement rate, just because of the——

Ms. CAGAN. They did.

Mr. COONEY [continuing]. Well, they did—that is right. We wanted that restored. But that is a separate issue. So that would be a way of restoring benefits. This is different. We want kids to get more fruits, more grains, more vegetables, and more protein. We do not want the school lunch director holding the bag for the cost of that. That is why I think you saw the Texas association take the position they did. If you remove the requirement—or, if you put a requirement—give us the money to do it. Don't give us a requirement without the money.

Ms. CAGAN. You always say something that puts me in mind of some important thought. Another thing that must be put in the legislation if it goes is that the States that are already giving support because of the mandated program—as in New York State, to targeted groups—that there be a caution that the States cannot then remove their support because that would be doing exactly what you fear might happen.

Mr. BONEY. This is one of the crucial questions, I think.

Mr. COONEY. Yes. Maintenance of effort clause should be added, and there are about 10 or 12 States in that area. I think that is a real good suggestion.

Ms. CAGAN. Absolutely.

Mr. BONEY. One other question on the same subject, is why the proposal for the breakfast has increased reimbursement for all the categories. In other words, this comes to the question of the paying category. Granted, that is a small percentage in the National Breakfast Program, but still, when you add 6 cents, I think CBO estimates it is like $4 million worth, just to that area. And granted, $4 million in the scheme of things isn't that much, but I sort of like the comment this morning that $100 is a lot of money to a lot of people.

Ms. BROGDON. I do not know why it is in there, either. It would not bother me at all for it not to be in the paid category.

Ms. CAGAN. I agree. It is interesting—I have 84 percent free in the lunch program. Of that 84 percent, my breakfast program—and this has been consistent since the inception of the breakfast program—has 98 percent free. There is less than a statistical percentage on the paid. So I would go along with that. I do not think it would have, really, any impact.

Ms. PARKER. Excuse me, if I may add something here.

Mr. BONEY. What is your name?

Ms. PARKER. Lynn Parker. I was a member of the advisory group to the national evaluation that they are discussing, and that is why I thought it would be OK to interrupt for a second. In terms of adding this money onto the paid category, what the evaluation found was that for all income levels, there was a difference between the breakfast eaten at home and the breakfast eaten in school, in the calcium and magnesium levels, that the breakfast eaten in school was better than the breakfast eaten elsewhere, wherever that might be, whether it was a McDonald's or at the candy store down the street or, at home; the breakfast at school was superior in calcium and magnesium, and inferior in vitamin A, B6, and iron. So in that sense, even for that small number of children, that extra amount of money would make a difference in the breakfasts for those children, too.

The other thing to remember is that it would be very difficult to say to the kids as they walk through the line, "You are a paid child, so we won't give you the extra whole wheat bread."

Mr. BONEY. No. We are talking about the reimbursement.

Ms. PARKER. Yes, but if the school has to produce meals for all those children——

Ms. CAGAN. Having been in my previous assignment, a budget director, in those areas—I think nationally, it turns out that most of the kids who participate in the breakfast program are either in the free or reduced category.

Mr. BONEY. That is right.

Ms. CAGAN. Because the number of paid kids are so minute, when you prepare, you can absorb that in your preparation without the need for that additional money.

Ms. PARKER. If you think that is so—I just wanted to raise that——

Ms. CAGAN. Yes. Budgetwise, and preparationwise—don't you?

Ms. BROGDON. Oh, yes.

Ms. CAGAN. That happens all the time.

Ms. BROGDON. Besides that, if you find there is a problem, you raise it.

Ms. CAGAN. We were eligible for the especially needy, reimbursement for all schools under the old mandate. When that was changed, New York City had five schools which were no longer eligible. And I knew that there was no way in the world that they would accept the responsibility for more tax levy support. So, in order to avoid any problems, and since I am concerned with getting the program to the children, they did not even know they were not eligible, because I am absorbing the cost—it is so ridiculously small.

Ms. PARKER. I just wanted to make it clear——

Ms. CAGAN. Yes, but as I said, that would present no problem, and definitely, you do not have two different meals. It is just that when you are making x number of meals, it does not matter if you have another 10 kids.

Mr. BOYARD. There is a question I have on your comment, Ms. Parker. There was a study that showed that schools provided suppers, and they were slightly better than what the parents provided. Should schools go in the supper business? Should the schools just take over all feeding—because that seems to be what we are drifting toward.

Ms. PARKER. I do not think that is——

Mr. BOYARD. Well, the whole idea of having a subsidy for paid breakfasts. That just does not——

Ms. PARKER. I mean, the fact is that there are many children who go to school without breakfast now, and we know that children learn better from the studies that we have been able to find, when they have breakfast; even more recent studies now, at the University of Texas, that Pollit is doing, show that when kids do not have breakfast in the morning, they do worse on school-type tasks.

So my point is that in terms of looking at the whole educational system, having a breakfast at school is very important, and in terms of the logistics even, if you get down to the basic issue of logistics, having a lunch program at school is very important, and from a nutritional standpoint, it is clear from the national evaluation that school lunch has an impact.

Ms. BLANK. And if we look at the growth in working parents—there are a lot of parents who are leaving at 6 or 7 in the morning, and you have got to talk about how they are going to get some support.

Mr. BONEY. But I think my original question was the category of the paying student, above 185 percent of poverty, clearly of a family of four, over $18,000 a year income, and whether it is appropriate for the Federal Government to be increasing the subsidization for that category in the breakfast program.

Ms. CAGAN. I think we are all generally agreed.

Mr. BONEY. Well, I hear this side sort of agreeing to it, but I do not necessarily hear this side.

Mr. COONEY. I would suggest a compromise. Liz, and I think, Susan, have a point of view, and I do not want to conflict with that. But I think maybe you write a lot of questions in your business. I

would suggest that you write a question to the American School Food Service Association and get some sort of semiofficial response from them on it. When we originally recommended the provision, it was designed to impact on low-income children, but since the statute very clearly says that you are supposed to safeguard the health and nutritional status of all children, and we thought it would be more convenient—I mean, there is also this theme that we want to be consistent through programs—and not everybody is New York City.

Ms. CAGAN. Here is Texas

Mr. COONEY. Here is Texas. That just proves the point.

Ms. BROGDON. Wait a minute. I only have five schools in my district who participate.

Mr. COONEY. It is a different kind of scenario. There are schools where this may be a problem, and I cannot tell you here today—and I do not want to, because I am not an expert—I think you ought to ask the experts that administer the programs, the American School Food Service Association.

Mr. BONEY. We have two of their experts. That is why we wanted to hear from two people——

Mr. COONEY. Well, if you stay here long enough, you are liable to step in it——

Ms. CAGAN. However, it would be interesting—I would concur with you, Ed, on this, that if ASFSA would indeed get a questionnaire out to every, every EA, not just the ones that are members of the association, because that is 17 States right out of the picture——

Mr. COONEY. That would be helpful--that may cost more than this provision, but I agree with you there.

Ms. CAGAN. The fact is that then we would have a representative sample—and then you will find out that some areas might need it and some not need it, and maybe that would help.

Mr. BONEY. Let me just hit on one more question while we are on breakfast, that Ms. Brogdon brought up, that I am not sure you commented on, and that was the offered versus served issue.

Ms. CAGAN. On breakfast?

Mr. BONEY. Yes.

Ms. CAGAN. Well, since I ignored the offer versus served option does not mean I did not take it for the lunch. I think this, of course, is ridiculous for the breakfast, and I will tell you why. I talk about things that are cost effective. I told you earlier in my testimony that everything is geared, in my mind, toward the integrity of the nutritional programs. We have heard everybody talk about the intent of the legislation. But nobody talks about the fact that USDA has not done things. Who says you have to serve juice and milk? What is wrong with what we do—serve fresh fruit. You should not plan juice and then milk. It is interesting to note, however—and I can only talk for New York—that when I read the testimony of ASFSA and the findings of other people, that they talked about the little children. We do have a problem in New York with the high school kids, who want to not take all three items, because they have had juice at home—some of them travel and 1½ and 2 hours to get to some specialized high school. And we have never had the problem with the young kids. So maybe again, that is a

regional kind of problem. So it is very possible that I might pick up that option for the high schools. New York City mandated an all-day kindergarten for all 5-year-olds. We have had some very interesting experiences. We, of course, set that as a priority for nutrition education. We worked all summer long in training the teachers, and we have ongoing programs. We have not one item of waste. The kids, we figure, have not yet learned that they are not supposed to like vegetables, and they eat everything. They are our best eaters. And what that has proven is what we said at the beginning. You must start this kind of education, and teach children, to make proper choices for good diets very early in life.

Mr. BONEY. And you all want it, as I understand it, really, more for younger grades?

Ms. BROGDON. We want it optional at a local level—for any level. Our kids have not—and I think this is generally in Texas, from all of our polls—they do not like solid fruit, whether it be fresh or canned, for breakfast. They want juice, the ones that want it. So that puts us with a liquid problem, with a small child. I think that is good, but to us, it is a problem. And if it were a local option, then as you needed it, each district could pick it up and use it or not use it.

Mr. BONEY. Let's move to lunch here, or else we will be here for too long. In the reduced-price category, both Marshall and Ed, I guess, in their testimony had this chart of several school districts, and the participation in reduced price. Of course, the GAO report that came out this week indicates nothing nearly as high as these on a national basis. There is some reduction in reduced price, but most of the reduction really took place in the paid category. It seems—at least, I gather, from both testimonies—that the assumption is that because this is such a problem, we need to lower the meal price for reduced price back down to pre-1981 levels. I wanted to especially ask the people who have the programs whether 40 cents is too much to be charging for a reduced-price lunch.

Ms. BROGDON. I do not think so. I think it is an adequate amount. We lost a few when we raised the price. I think if you drop it, that you are not going to gain that many. You may gain some. But it is a question to us as to whether lowering the price would not encourage more people who are ineligible to file for the program in the first place.

Ms. CAGAN. You are an advocate of verification of 100 percent, so what is the difference?

Ms. BROGDON. Yes, we are, yes, we are.

Ms. CAGAN. You mentioned the report that you just said you read, that talked about the fact of more paid kids.

Mr. BONEY. Yes.

Ms. CAGAN. Don't tie that up with the drop in reimbursement, because what happened across this country, unfortunately, is that many school systems upped their prices. New York State set a maximum of what LEAS could charge, and they raised it terribly, and they had a terrible, terrible drop in participation. So that school systems on their own went back and lowered the price, and they got those paid kids back. I want to tell you what we found in New York on that issue.

I am also the appeals officer in New York—if any parent is denied a benefit—and when that change happened, I got a lot of appeals, and based on the appeals, I found they had been eligible the year before, but they did not realize that the income standards had gone up. Sure enough, they had moved from the free category into the reduced price. And that year, 100 percent of my appeals were on the reduced category, and they said things that would break your heart. They actually are telling me: "Here is my check stub." Remember, they have to be judged for eligibility on gross income. But they have to live on their net. And one woman who wrote, a single parent, with two children, sent check stubs. As I said, it was very sad. She said, "I must have a phone in case there is an emergency." One day a week, she buys a quarter-pound of chopped meat, from which she makes a sauce, for pasta. And she told me what they eat every day. And then her final sentence was, "Where am I going to find the money to pay the extra money for these two children."

Well, when I took a look at what the situation was—and as you heard before, I am very fortunate in having a very cooperative and very supportive board of education, and thank God, the mayor of the city of New York, because in New York City, we are a dependent school district, and all revenues get deposited at the city. They agreed that we would hold the prices, and so local effort made up the difference for that loss of reimbursement. So we were able to maintain the level we had been at the year before. There is no doubt, because the statistics in New York State as well as other States show that that was in the reduced-price category more so than in the paid, that in that first year who the drop-outs were and are the ones that should be targeted for more help. Those are the parents that are just making it.

Mr. BONEY. All right. But let me go back and get a shorthand answer. I am not sure. I thought you were going different ways at different times. Is 40 cents reasonable, then, the current price ceiling?

Ms. CAGAN. I would not object to that going back; I would not object to the ASFSA position——

Mr. BONEY. Lowering it.

Ms. CAGAN. We, as I said, are not involved——

Mr. BONEY. You have not had a problem.

Ms. CAGAN. No; we do not have that problem because of local support.

Mr. COONEY. But there are other places in the country. And if you compare the average monthly participation in the year before the cuts and the year after the cuts, you will find that there is a 3 million person difference. Participation in school lunch went from 26 million to 23 million. Now, Tom is right when he says that the bulk of that was paid students, about 2 million children. However, about 700,000 switched categories and got knocked out of reduced-price meals, and about 300,000 kids were no longer in the reduced-price meals. And those 3 million kids went someplace, but they did not go into the School Lunch Program. So, what we are saying and what that chart—the reason there is a similarity between the chart that Marshall uses and the chart that I use is that I xeroxed his

chart. But other than that, it is incidental. But you do find in those areas a substantial problem.

There was a young lady from Kansas who testified here, and in her situation, she found that their city was sort of like New York, I guess, in the sense that they did not have that need. But that has not been the case in the rest of the country.

Mr. BONEY. But frankly, the responses we have had on the committee from individual areas have generally been much the same as these ladies have outlined from their areas—either people picked it up locally, as in New York, or they did not find it that much of a problem.

Mr. COONEY. Well, they may not find it that much of a problem, but the kids still are not in it.

Ms. CAGAN. Tom, I agree again. It is so hard—and I said it in my earlier testimony—to paint everybody with the same broad brush across this country. We had to make a decision—I must say that I heard Frances McGowen from Oakland, CA, speak about a week or so ago at a conference. They found that they had such a loss of their reduced-price children that by doing other programs such as catering and other things that you can do that you can add a profit on, and utilize that profit to subsidize this group. There is such creativity going on, but unfortunately, not everyplace across this country has people like Frances or people like that, and those are the ones that I think Ed is talking about. It would mean that they cannot make a go of their program, or that those children, which are part of the targeted group, have to drop out of the program. And I definitely think that some consideration should be given to this. How you word that, I do not know.

Mr. BONEY. Well, that is our problem.

Ms. CAGAN. Yes, that is your problem.

Mr. BONEY. Well, let me ask this, though, which is sort of the basic question that Senator Helms was talking about, and we already asked Ed and kind of struck out. But if the Congress is going to make increases in some of these areas, either in breakfast or some combination with reduced price, by increasing the reimbursement and so forth, where, if anywhere, can we have reductions to pay for that—if you start from the premise which, at least, Senator Helms does, that we cannot have a net growth in expenditures?

Ms. CAGAN. You are asking about $150 million——

Mr. BONEY. Well, whichever part of it—any suggestions would be appreciated.

Ms. CAGAN. You may not like my answer, but I am willing to go on record in saying that without impact on the military outlay and what they say they need, and also in line with Senator Helms and the administration's feeling about waste and fraud. Let me give you an example. Just take the price of what the military has paid because of their poor contracts in the past—I know, because it has been in all the newspapers. Do you know we can feed two kids breakfast and lunch, year-around, free of charge, for that hammer overcharge.

Now, I am willing to do a whole analysis on that, free of charge. It has no impact on what the military needs in weapons, it has no impact on what increases the administration wants for the mili-

tary. And if I can identify all of the money that is necessary for this—would it be a deal?

Mr. BONEY. No, I am afraid not. The point is this——

Ms. CAGAN. The money is there; it is being wasted on other things, and everybody wants to ignore that.

Mr. BONEY. No, I do not think everybody wants to ignore it. We sort of had this at another hearing, so I will be brief, or maybe it was actually at ASFSA's meeting, when there were some questions. And certainly, all the Senators on this committee and especially those who are on the Armed Services Committee who have jurisdiction over military spending, are very interested in eliminating all of the abuses, notable and more secretive that may occur in military spending. But in their capacity as members of this committee, they are looking at programs within the Department of Agriculture. So it is sort of what we always have, the question of everybody pointing the other way and saying, "Well, cut him, because he wastes money," and somebody else is pointing over here. So what I was really hoping to get from you is really dealing with the issue within child nutrition.

Ms. CAGAN. I have discussed this with USDA over the years. We rent space to many Head Start and Child Care Programs. They are in our schools, under different regulations. Some child care programs had gotten massive allocations to put kitchens in, expensive equipment, and so forth. But the point——

Ms. BLANK. That is gone now.

Ms. CAGAN. I know it is gone. But the fact is that we now enter into agreement, because they found that we can provide meals according to the needs of those children and it costs them less than if they were doing it themselves. My point to USDA and to the State was that all children that may be based in a school should be eligible under the National Lunch Program.

The point I am making to USDA is that where the locality can work it out, that two or more of these programs can sort of piggyback on each other, and that is where savings can occur because we avoid duplication of effort and cost.

Ms. BLANK. I think that that is an interesting idea, and we should be doing that. Only 10 percent of Head Start Programs are in the public schools, and more in New York than in other places, and very few other Child Care Programs are. It is not going to give you—for example, we need $15 million—it will not give you anywhere near——

Ms. CAGAN. Well, but you know what they say—a dollar, a dollar, a dollar, and it adds up. If we are going to be forced to say, "Find your money or make recommendations," then even for that 10 percent, whatever it is, let it be applied back toward your $15 million. That is why I mean.

Mr. COONEY. Representative Bill Goodling has an amendment that was incorporated on the House side and report language, as well, that gives the sense of using the school as a nutrition center, which Liz and other people have done; taking a look at how you can maximize it for the community in terms of the elderly participating and the commodities and so forth. We support all of those efforts, and we just think that they are terrific things to do, and we hope that they will add up to enough money to encompass this.

Mr. BONEY. Any suggestions from Texas?

Ms. BROGDON. Yes; I have two, and they are in what we presented. On the foods, don't tell me that a principal can serve a coke outside my cafeteria door. We need the sale of those extra things, not cokes, but additional foods. And let that be a local, let that be a local. That is going to give us more flexibility in our budgets.

Mr. BONEY. Well, you all want it local, but as I read the ASFSA testimony, they want a national ban.

Ms. BROGDON. We would not oppose that, as long as it is—we would not oppose that, but we are offering another view of it, another shot. If you cannot do that--we understood USDA did not want to do that, and so our feeling would be let the local people handle it, let them have the control over the competitive foods.

Another thing, offer versus served at breakfast in Texas would help. OK. We have talked about a liquid problem. We can also talk about eggs, and we do serve eggs occasionally at breakfast, and we have a lot of children who would prefer not to take them. So, any one of the liquid components or the eggs, if they do not choose to take that item, that is something we are not going to have to prepare. That gives us a little bit of flexibility, and we could put that money, say, back into the meat/meat alternate requirement, which most of them will take, the sausage and so on.

Mr. BONEY. Well, I am afraid I do not think we are up to the $150 million.

Ms. BROGDON. No, but it would help and make it so that the Federal Government would not have to fund the whole amount of the meat/meat alternate.

Mr. BONEY. All right. Let me go to just two more questions regarding the lunch. Ed, in your testimony, you have this issue on the in-kind benefits, whether the child nutrition benefit should be counted as income for food stamps. What about the idea of it being counted for income for tax purposes, and in particular, with regard to this ASFSA idea of financing, basically, a universal free lunch?

Mr. COONEY. We basically do not support the concept of nutrition programs funding—I mean, you give somebody nutrition, food because they have a problem and you say, "By the way, later, we are going to declare it income."

We are opposed to it. We support the concept of universal free lunch, and we support the dynamic leadership of ASFSA on this issue, and would like to see how their financing works out, whether they use the Hart three-martini lunch or the Matz four-martini lunch, cutting in half. But we are opposed to counting nutrition benefits as income.

Ms. BLANK. I think you also have to look at it in light of all the other benefits that people get, the fringe benefits that are not currently counted as taxes, and you cannot just pick up—I mean, we are all talking about the fact that we need to restructure our whole tax system, and it is really not timely to just pick out child nutrition benefits at this point in time.

In addition, we agree with Ed—we oppose it.

Ms. BROGDON. I would hate to be responsible to the parents in our district for saying, "We are going to send this in to IRS. This is taxable income." And they are going to come back to us and say, "December 3, Johnny didn't eat lunch. How come it is on here?"

You talk about an accounting problem—now, that would be one. And I understand they are going for a pilot program. In my mind, it is questionable whether it is worth a pilot program.

Ms. CAGAN. I am definitely opposed to it. But one of the reasons I am opposed to it is that it is very discriminatory.

Mr. BONEY. Which? The accounting or——

Ms. CAGAN. The ASFSA—oh, I agree with that, completely. The parents will come back and say, "You cannot bill me for a whole year in taxes, when my kid was out this date and this date." The burden of going back to these records is impossible.

But who pays taxes? You have got to realize that you are really picking out one group that is going to be poor as far as income taxes. You can eliminate that higher one, because they have so many shelters they do not pay anything, anyway. And you can eliminate those who do not file.

Mr. BONEY. Well, this is the question, in my mind, on how it can be a self-financing plan. I mean, if everyone were in the high-income brackets, you would only have 50 percent of the costs recovered, and the average is probably more like 10 percent, and the universal free lunch idea, as I recall, costs about $3 billion or something, nationally.

Ms. CAGAN. I happen not to agree with that. We know what we say, but statistics do not lie, but who makes statistics.

Case in point. The Summer Feeding Program is, in fact, a universal feeding program in those attendance areas. We have more than a million kids in New York who are eligible under summer meals, because it is from age zero through 18; whereas, in the school year, you have it from 4 to 18.

Now, whereas in the school year, with that smaller coverage, we are feeding about 500,000 kids a day. Here, you have in the summer, peaking at about 118,000.

So, therefore, when people say, "Oh, every kid that exists in this society is going to be running because we have universal feeding," that is nonsense, not a case, not a piece of data. We have over 650,000 valid applications for free and reduced. Even taking into account the best attendance record, not every kid who is in school and is eligible comes to have lunch. There are times when there has been a special meal in the home, or grandma has visited with a care package, and the kid brings something——

Mr. BONEY. Your point is that the expense would not be that great?

Ms. CAGAN. That is right. And I keep supporting a feasibility study, anyplace in this country—because it is not right to assume that every kid who is there is going to participate, because we find that not happening.

Mr. BONEY. I am not certain but that estimate is already taking that into account, at least, based on somebody's assumptions, but——

Ms. CAGAN. I would like to know what the assumptions are, because I do not think they are valid.

Mr. BONEY. All right. Let me go to the nutrition education, which several of you mentioned as being——

Mr. COONEY. Tom, we are on record as favoring a feasibility study—we support ASFSA's position, and we do not support the concept of using income.

Ms. CAGAN. That is the Dole recommendation on a feasibility study on ways of financing?

Mr. COONEY. Not that Senator Dole is aware of.

Mr. BONEY. Not that I am aware of.

Ms. CAGAN. I thought it was.

Mr. BONEY. I don't think so.

Nutrition education. Ed mentioned Senator Helms' definite involvement and encouragement of volunteer efforts and so forth, and there has been some discussion about what the States are doing in various Child Nutrition Programs sort of on their own and above the Federal requirements.

What about the idea which was proposed in the House committee of having some degree of match requirement, to have the States contribute some portion of money for nutrition education in return for receiving the Federal money?

Ms. CAGAN. What percentage?

Mr. BONEY. Like 25 percent.

Mr. COONEY. Yes. Representative Bartlett in his original amendment suggested a 50–50 State match, and Mr. Perkins suggested how about 25 percent and making it in-kind. That amendment passed subcommittee, but was reassessed in full committee and did not make it. Representative Bartlett has stated his views in the minority report, or a section of H.R. 7—and members of the panel may want to take a look at that for more details. I think Representative Bartlett was getting at the general issue, not only on NET, but SAE and generally; the governmental policy issue. Should there be a change in the mechanism between the Federal and State funding. We would be opposed to that, mainly because in nutrition education, you would find—I mean, right now, it is very difficult to have enough funds to get a half-time person. If that person—if the State agency had to come up with another percentage of that money, they may choose not to do so and it would end that position. And Texas is living proof of this. I am not sure that New York would be that generous, either.

Ms. CAGAN. I am funding my coordinator now——

Mr. COONEY. That is you. I am talking about the State of New York, not the local, but the State.

Ms. BLANK. Also, you have got to look at New York City in contrast to upstate. Look at day care in New York. The city replaced all that $10 million in New York State, and we saw 8,400 to 12,000 kids lose day care and a 46-percent drop in public funds out of the city.

Mr. BONEY. Well, I think the overall question that they were dealing with on the House side and that certainly comes up in the Senate discussion is having some sort of reassessment of the State and Federal contributions to the program, which right now are very heavily weighted toward Federal contributions, and whether there should be some increased State or local funding.

Ms. PARKER. Also, to put on another hat, I am on the board of the Society for Nutrition Education, which represents nutrition educators nationwide, and many of the members of the society are

nutrition education coordinators. We talked to them when this amendment came up—to many of them, not all of them—ones that were available, to find out what the impact of this would be. And although you can never be sure what the impact of something will be until it happens, their sense was that many of the States would terminate the program, either because they did not have the money available, or could not show that they were spending 25 percent, or were just unwilling for such a small amount of money, which it is right now for NET, to spend the time and resources on the paperwork that is involved to document it.

Mr. BONEY. So I think the issue, though, with this and the issue of Federal administration is, if it is not worth it for a State to put in even a little bit of money, the question certainly occurs as to why the Federal Government should be financing all the costs.

Ms. PARKER. It is not a matter of worth it as much as it is a matter of the States feel they are limited in the amounts of money that are available to them to run any of their programs.

Mr. BONEY. Well, this is exactly the problem we have at the Federal Government level.

Mr. COONEY. You see, you run into a situation where you can only have Child Nutrition Programs where there is an adequate tax base in the State, and we are concerned about that. We are not unsympathetic to Representative Bartlett's issues. I mean, we are talking about SAE, State administrative expenses, and NET, and the general concept of the sharing of Federal-State things, and we agree with him that there ought to be a discussion, there ought to be hearings on this. And he has recommended that in committee, and we support that, and I think you need to have State directors of child nutrition here, locals like you folks, and some other community-type people, to see what is going to happen—in Connecticut, you are going to do all right; in some other States, you may not. And these are either national emphasis programs, or they are not.

Ms. CAGAN. I agree a lot with what you said, Tom, because when people do not put something in, there is not a commitment. But I think I heard you right, Ed, when you said the recommendation or amendment that would allow States to put it on an inkind rather than a cash basis was killed?

Mr. COONEY. Yes.

Ms. CAGAN. That, I think, the States would find easier to do.

Mr. COONEY. I think some States would find it easier to do.

Ms. CAGAN. They may find it easier. So I basically agree with you.

Mr. COONEY. But those are the same States that have paperwork requirements that you have to clear through channels, and you can imagine how much.

Ms. CAGAN. Yes; I will tell you what is disturbing to me. Mario Cuomo is the Governor of New York State, and his wife, Mathilda Cuomo, was known for her concern and interest in child nutrition. And when the Federal Government was toying around with the idea of forcing States to take it over, I found out through the grapevine that if New York State was forced to take it over, that Mr. Cuomo intended to give the Child Care and Summer Meals Program to State social services—which made me a little bit bitter

about what Mathilda knows about nutrition and how it lines up with the school programs.

And for a guy who has that kind of general commitment, and supposedly, his wife has some kind of knowledge, to put it into an agency where it does not belong, in my mind is wrong. I worry, because I do not know how many other Governors are so committed to the concept of child nutrition. So that is why I am sitting on the fence there.

Mr. COONEY. We have a couple of people here from Colorado, and I was a guest of the State department of education out there, one of the deputy administrators, and we talked about income verification. There was a school lunch meeting down in Florison—I do not know where Greeley is, but Florison is pretty terrific. We brought up this issue, though, of paperwork. And in your State, they actually have a committee where, if you want to do this inkind thing that we were talking about, that would have to go to a particular committee and be approved, because of the paperwork requirements that would necessarily entail.

So the answers to some of these questions are not as simple as they may appear—and I also know you guys have been sitting around for a long time, talking, without lunch.

Mr. BONEY. Well, that is good, because I am ready to wrap up with child care. You all have waited very patiently, and I saw some nodding of heads when Helen Blank was testifying. If you want to engage in any discussion regarding child care, that you did not cover with Senator Huddleston or Senator Helms while they were here—are there any further points?

I think, certainly, the perspective they represented was very different from what Helen said, although, actually——

Ms. SAUDER. I think it is basically a difference in philosophies. We feel that the program is subsidizing child care. You feel that the program is subsidizing child care. We just do not think it is the vehicle to be subsidizing child care.

A couple of things. For instance, I do not remember what you said about not every home day care provider earns more than minimum wage, or something like that. You see, I cannot speak for across the Nation, but in Colorado, if you are going to be a home day care provider, you have to own your own home, or at least be able to rent it. You cannot be licensed in an apartment.

Ms. BLANK. That is not true across the Nation. My income figure was a national figure.

Ms. SAUDER. OK. I just wanted to bring that up, because that is kind of misleading, too. So I think it just depends on your area. I do not want anybody to go hungry, but I think that there is an incredible waste here, in dual funding, and the Government taking over some responsibility of the parent, especially when there are so many discriminations in the way the program is now.

Ms. BLANK. Tom, can I just point out that it is interesting that most of the other providers in your county are part of the program, and also, if you look at the Abt study, most of the money does go to food. The reason we do connect it so much to child care is the fact that we know this Congress is not going to provide any more money to child care, and we think it is very untimely to make any cuts in the whole field of child care, given the need. And it is a

Federal support to child care and to the family day care system, and it is really not an appropriate time to take anything away.

Mr. BONEY. I think the point they made this morning, at least—well, there is some difference, even with the three on child care—was whether the subsidy that is going on behalf of higher income children is appropriate. In other words, if you took child care and put it back to the way the School Lunch Program, School Breakfast Program works, where you have different levels of reimbursement for different levels of income—which is what Senator Helms proposed, and which, I guess, Mrs. Smith supported—it is one approach. Now, granted, the ladies from Colorado, I think, felt that the Child Care Food Program was unnecessary altogether. So there is some difference.

Ms. BLANK. We work with an umbrella sponsors' forum that represents a large number of umbrella sponsors in family day care. We work with the Children's Foundation, which represents all the family day care associations in the country. We work with the Office of Children in Fairfax, and thousands of providers across the country. And they seem to feel that a means test is so administratively cumbersome, and would, because family day care providers are neighbors, be so difficult to implement in terms of confidentiality, and also lead to some discrimination problems in terms of what you feed children, that it would force most providers out of the program.

Mr. BONEY. But I understand they have done that before. I mean we had, prior to 1980, a means test.

Ms. BLANK. And very few family day care providers would participate.

Mr. BONEY. But the ones that were participating prior to the end of the income test were primarily poor. What has caused such a problem is that in the time since the means test was eliminated, the composition of children in day care homes in the Child Care Food Program has changed dramatically.

Go ahead.

Mrs. SMITH. Most of the participants in the USDA Child Care Food Program are above 185 percent of the OMB poverty level.

But I might add, if we had a voucher system whereby funds were paid directly to the parent, the needy parent, the means test would not require any kind of nosey neighbor kind of delving into the private matters of the family.

Ms. BLANK. I think, first of all, we would love a voucher system that gave more money to child care, and I have been trying to get nickels for title XX and have the administration not even giving us the $25 million that legally, it is the right of the States to have to spend for child care. So we are not very close to a voucher system, and I wish we were, and we would love some more support to child care to go directly to parents.

Mrs. SMITH. Sure, especially if it is for the needy. I do think it should be targeted.

Ms. BLANK. Absolutely. We do think, though, the food program pays an important role. We think it is important, also, to help improve the quality of care, and the family day care systems offer support to providers and training. Fairfax is wonderful. The training it provides is really atypical, the 20 hours of training you have

to have as a family day care provider to be registered with the Office for Children's I&R. CCFP has provided some support to the system, and we have seen a lot of that in the last couple years, and that is an important support.

Mrs. SMITH. With regard to the Office for Children, one need not necessarily have undertaken that family day care provider training course to be eligible for the I&R system. One has to agree to take one at some future date, and agree to get onto the USDA Child Care Nutrition Program. The method that the Office for Children is currently using to institute licensing—and the State of Virginia does not require licensing of day care homes—is the I&R system. Many parents who have used that system have found it somewhat less effective than the yellow pages themselves, because they say if they call the Office for Children and wait for the turn-around and get the thing back, and so forth, for all the information on it, they say that they could have saved at least 3 days, by calling through the yellow pages, to find a day care system. The problem is in the day care home, and this is a mechanism for licensing that I can see some need for some support in that regard, but I have a great deal of reservation with regard to how we are going to institute an army of people to go out and actually check in the homes, when the parents themselves are there every day.

Ms. BLANK. I think that is another discussion that is very important, to help educate parents how to——

Mr. COONEY. There are some questionable things I would like to bring up, just for the record. When people say there are too many nonneedy families in the Child Care Food Program, they generally refer to two sources. One is the Abt study, and the second is an audit of quality child care in Minnesota.

I would just like to say for the record that there are people who dispute those statistics, who would argue that the Abt study is in fact not a nationally representative sample, and the Northeast directors, including the State director of New York and all State directors for New England, filed a separate study and signed off on a policy statement which completely conflicts with the findings of the Abt study.

I will agree with you, and I think your point is well taken, and Tom has said this before, that there is evidence that would indicate that there has been an increase in the number of families over 185 percent. I would argue with the fact that that number is 70 percent, as has been reflected in those studies, and that is something that we can get statistical buffs together on and deal with.

But since this is a public record, and a lot of us do make these things up as we go along, myself included, I just want to mention that there are people who do conflict with that.

Mrs. SMITH. I heard Mr. Bovard's——

Mr. COONEY. Speaking of making it up as you go along.

Mrs. SMITH [continuing]. Yes, I read Mr. Bovard's article in the "Policy Review." And there are a lot of areas that I would question.

Mr. COONEY. For example, the stated facts in his testimony, which is 8 years out of date.

Mrs. SMITH. But I think it is important that we look at the income eligibility requirements, the fact that there are none, and

yet, Fairfax County, VA, one of the most affluent white-collar areas of the Nation, really, a suburban community of Washington, DC——

Mr. COONEY. And has one of the best school lunch directors in the country.

Ms. BLANK. And one of the best child care systems.

Mrs. SMITH. I am talking about child care, as a participant. As an umbrella system, there are concerns that this Child Care Food Program is not specifically targeted to helping those people who really need the help, like single-income-earning families, the divorced mother with children. These are the kinds of people who actually need our assistance, and not the dual income, families. I maintain that the part that has made the biggest impact on our social services and entitlement programs are the women who choose to work to supplement their husbands' incomes—and I am not talking about the hard cases—hard cases make bad laws—I am simply talking about putting a ceiling on the programs so that we can start redirecting our efforts toward aiding those in true need.

Ms. CAGAN. I would like to make one comment. I found out in New York—as I said, USDA supervises child care—in visiting some of my schools toward the end of the day, in schools with after-school programs, educational programs, that food (supper) is funded under the Child Care Program. And of course, I started to bug the USDA. Now, we are very, very conscious of this in New York, and maybe this is something that could be looked into that should be eliminated. I know when you are running a program—and they are good programs—that no administrator is going to stop at 5 and get everybody down, three or four floors from their activities, to come into the lunchroom to have a supper. Ah, but they are getting paid for suppers, these outside sponsors, and we should have eliminated, as I said, most of them. And we are really targeting in, because I cannot have any onus of any scandal in any program in schools.

Mr. COONEY. It says two meals and a snack. It could be a lunch and a supper.

Ms. CAGAN. But excuse me—you do not understand. USDA supervises the day care part. The State education department supervises the breakfast and lunch. I go into this school, and I happen to note what their lunch schedule is. Here, these kids were receiving a very good lunch as late as 1:30 in the afternoon. So there was no way in the world that they were going to eat a full supper at 3. Now, to me, that is fraud—filing for a supper when they end up getting a snack is immediately a waste and a fraud. That is something that can be done. I do not know how many of these programs are subsidized in that way, in what I call an after-school program—this had never been, years ago.

Mrs. SMITH. Did I understand you to say that New York City has an extended day care program in the schools that is——

Ms. CAGAN. No.

Mrs. SMITH. But——

Ms. CAGAN. No. They were legitimate—this is now where we are working along with the board of education, because I said if the need is there, the two programs should be tied up, because where a child's parent is not home—again, that avoids duplication, because you have your people there, and it is a safe place for the children

to stay. But that is not what has been going on. And I only found out by accident because USDA came to me last summer and asked if I could suddenly make 10,000 meals a day, because they had an unscrupulous sponsor, and so I started to look into it. So now, they may not approve an outside sponsor for this. And I found out that they were all applying for supper, and getting them, and the children were getting a snack.

I submit that maybe this should be looked into—that is what confuses the day care issue. We do not have day care.

Mr. COONEY. That is a question of USDA monitoring——

Ms. CAGAN. Yes.

Mr. BONEY. OK.

Mrs. SMITH. So, the extended day care program is offered not through the school system itself, but through private organizations operating in the school system?

Ms. CAGAN. No, no, no, no. It is not even a day care program. The school system has always—where they elect to have it, opened certain schools, for programs for children from 3 p.m. to 5 p.m. It could be a club program, or it could be a remedial program.

Mrs. SAUDER. It is a place for them to stay.

Mrs. SMITH. I see. So it is not an extended day care program as such.

Ms. CAGAN. Not at all, and that is what we were telling the board, that perhaps we ought to piggyback the two operations.

Mr. COONEY. Everything that is good and everything that is bad will all happen at one time in New York City.

Ms. CAGAN. You are absolutely right.

Mr. COONEY. That is why we do not make national policy based on New York.

Mrs. MONTGOMERY. Do you think that without the Government supplement to the day care home provider that the children would be fed adequately?

Ms. BLANK. I do not think the children would eat as well. I think that the Abt study shows, and every single study that has been done on the food program shows, that children eat much better. In Fairfax County, they just did a study of 69 providers, and it showed that the children were eating better.

These surveys were done, and Abt did a study that obviously had to be a comparative study, and the children were definitely eating better—they are eating more fruits and juices and less sugar and fresh vegetables and more protein because of the program.

Mr. COONEY. But that does not mean that you and your daughter would not be providing higher nutritious foods, because you probably are.

Mrs. SAUDER. But did I hear you say the Abt study, there were some you could not count?

Mr. BONEY. It was a different study that he did not——

Mr. COONEY. There are two different Abt studies. In Washington, you have to get familiar with ABCD, FRAC, Abt. There is an Abt 1, and there is an Abt 2. I was questioning some of the statistical framework on which their study was done on income verification.

Mr. BONEY. We all quote the studies that we agree with, and think the others are statistically wrong.

Mrs. SAUDER. But we would sure take it upon ourselves to survey our county, and I would tell you that the income is way, way——

Mr. COONEY. How many nutritionists do you have through your group?

Mrs. SAUDER. We do not have a group.

Mr. BONEY. They do not belong to the group. They are independent. They pulled out of the group.

Mr. COONEY. Do you have any nutrition consultation?

Mrs. SAUDER. Sure. I have a master's degree in child development, so I have had six classes in nutrition; my mother started out in college as a home economics major—so we know nutrition. But the Day Care Association has monthly meetings that you can go to. Ames Community College all the time has local courses. If you want to be involved, all you have to do is go. It does not cost very much.

Mr. COONEY. My only concern is that what we are discussing here is national policy. And what happens to us as advocates, as Tom was saying, one of the criticisms of the advocacy community is, "Well, try to get this medical expert because he likes you, and he will have that testimony," and Tom has a hearing in Raleigh, and he invites fraud certifiers, prosecutors, and God knows, Elliott Ness, and whoever else. So we are both guilty of the same kinds of things. But when you get down to national policy, the things that drive us crazy are the lack of national nutritional standards which we can apply on a local level. We got into all kinds of trouble on the meal pattern issue, when ketchup is a vegetable in school lunch. People almost lynched us—we would say, you do not think we are doing a good job, and you would see a lot of heads shaking over here. We have implied that indirectly, and we do not mean that. What we mean is that there should be national minimum standards, and we feel strongly about that, and other groups have, as well. That is why you run into this

Ms. BLANK. I guess we also feel that all places do not have the resources you have, all providers do not have the kind of background.

Mrs. SAUDER. OK. But how much money do you make a year?

Ms. BLANK. I make enough money.

Mrs. SAUDER. OK. Do you think it is right that the Government, then, if your child were in home day care, should be paying for your food?

Ms. BLANK. I can get a dependent care tax credit, and I take it, and it is open to all families. And do you know what else you can do? You can do salary reduction. And the IRS have come across—there are many families who have housekeepers. And again, most families in family day care are working class families. Some may earn over 185 percent of poverty. Again, national day care studies conflict with that, but they are not upper income professionals, not most families. Again, we are talking about national trends. I can take a credit. All families can take a credit——

Mrs. SAUDER. I do not understand the credit. That is, you paying your babysitter——

Ms. BLANK. Yes, the child care credit. I can get money regardless of my income.

Mrs. SAUDER. On your income tax.

Ms. BLANK. No. I can get a credit, and also—there are people in this country who are in a 50 percent tax bracket who, through their employer, can get their salary reduced and get a $5,000 benefit. So I think that we have to look at overall policy. We have to look at tax policies and how they affect upper income families and look at child care and look at what is available and look at the $50 million that goes from the family day care program, and given the fact that we are not about to put any new supports, evaluate whether this is not a good way to spend money, because we spend money supporting child care and other things to families who are above 185 percent of poverty; we spend much more. And we feel that this is reasonable.

Mrs. SAUDER. You confuse me because you talk so fast, and I am not from the East, so I cannot keep up with you.

Mr. COONEY. Not everybody from the East talks that fast.

Mrs. SAUDER. On the one hand, you are saying that the average family cannot afford it, and on the other hand, you are saying that there are all kinds of ways that you can make your income look like you are below-income——

Ms. BLANK. No. I am saying that there are child care supports that are available that are much bigger than this to higher income families, and that this is a good use of money because it helps family day care providers. I am also saying that most families in family day care are working families.

Mrs. MONTGOMERY. In my area, in the State of Colorado, which I know very well, the children I take care of are middle-class working parents. They are on a budget. But the mother wants to work, or she has to work, and she would rather pay the day care provider to be out in her career, or she has to. But anyway, I am against it. Day care providers that I am familiar with, that I know are a husband and wife—the husband works out, the wife takes care of her children, either to stay home with her children or just because she wants to stay home to supplement their income. So she is going to prepare these nutritious meals. And whether the Government supplements her each month, the food will remain the same. I just do not believe—and I know of several instances, and I probably should not say this—but I know that the menus are falsified. And what is down on paper is not really what they get, because there is no way that these children can eat these requirements. Their little stomachs—unless you let them eat, all day, constantly——

Mrs. SAUDER. But also, there are women, home day care providers, who are in a university community. We have the University of Northern Colorado right there in Greeley. There are day care home providers who go out and do other things. The parent contracts with them to bring their child there, and then they hire college students to come in and take care of the day care kids in the morning, while they go out and do other things, simply because they can afford this with the Wildwood program.

Ms. BLANK. Well, that is an interesting solution. Again, I agree with Ed. I think we need to talk about national providers and national trends, and your university community, and we need a broader representation before we can talk about national policy.

Mrs. SMITH. I would just like to ask if we could have for the record the amount of funds received by CDF since 1976 from Federal grants——

Ms. BLANK. Zero.

Mr. COONEY. Your question would probably be better addressed to us. We, unfortunately, take money from everbody, including private industry and the Federal Government, but they will not give us any more.

CDF, as a matter of principle, has never received a dime of Federal money. FRAC would take whatever Federal money was available. It is a difference in style and approach. We would prefer the better management at CDF and their professional commitments, but we are a little looser at FRAC, and that is the way it is.

Mrs. SMITH. Are you funded, then, through—would you tell us who you are funded through?

Ms. BLANK. You can have it through the record.

Mr. COONEY. We would be glad to tell you all of our resources. It is kind of a tacky question, but we are used to it, and so we give it.

Mrs. SMITH. Thank you.

Mr. BONEY. Well, I am afraid I may have served as too much of a catalyst today, in terms of this after-conversation. But I do appreciate everybody coming. Obviously, these programs are going to be on the committee's agenda for the year.

Thank you all very much for staying around. We appreciate it.

[Whereupon, at 2:15 p.m., the committee adjourned, subject to call of the Chair.]

APPENDIX

STATEMENT OF HON. BOB DOLE
A U.S. SENATOR FROM KANSAS

Today we will be hearing testimony from various experts in the field of child nutrition. I would like to welcome them and express my appreciation to them for taking time from their busy schedules to be here with us today.

Reauthorization Process

Every four years, we have an opportunity to evaluate the child nutrition programs in their entirety, even though we are technically engaged in the process of reauthorizing only the nonentitlement programs, which are WIC, the summer food service program, nutrition education and training, state administrative expenses, and the authority for section 32 commodities.

We made a lot of program changes in the school lunch, school breakfast, child care and the summer food programs back during the reconciliation process of 1981, just a year after the programs were reauthorized the last time. After a period of program stability, we can now look back to see how these changes have affected the programs in question. I am aware of two bills currently pending before the Congress and this committee--S. 1913, the Huddleston-Cochran bill, and its counterpart, H.R. 4091. Although I disagree with the way in which benefits are targeted under both of these bills, I think they should receive a [illegible] hearing. We are now at a time in our nation's history when we must be certain that nutrition program funds are being targeted effectively to low-income children. As the CBO evaluations reveal, both of these legislative initiatives would direct over 70 percent of their benefits to children from families above 130 percent of poverty, which defines low-income eligibility for both the food stamp program and the school lunch and breakfast programs.

Dole Support of Child Nutrition

As everyone here knows, I have long been a strong supporter of child nutrition programs. Nothing has changed my commitment to these programs or my belief that the Federal Government should maintain its leadership role in the nutrition program area. However, the Federal Government can't be expected to do everything.

In recent years, I have been concerned about a tendency for people to consider these programs in terms of Federal spending instead of the children served. I would like to address this concern.

In 1970, the Federal Government was spending just over $700 million on all child nutrition programs. By 1980, this amount had grown to approximately $4.4 billion, and would have exceeded $5 billion by FY 82, had it not been for reconciliation.

Based strictly on budgetary considerations, some might say, and have said, that this over 500% increase in Federal child nutrition funding is not justified. Others, whose considerations are limited to program operations and activities, have said that the $1.3 billion that Congress cut from the 1982 child nutrition program is equally unjustifiable. I would like to address both of these contentions, because I think they are equally false. They are false because they overlook the important issue of how changes in funding have affected the children served.

Low-income Targeting

For those who limit their concerns to budget numbers, I would point out that, in 1970, very little of child nutrition expenditures (about 20%) were directed toward low-income children. Only 4.6 million out of the 22.4 million children in the school lunch program were receiving free or reduced price meals.

Additionally, the school breakfast program, which was better targeted to low income children, had just begun, and served only 450,000 children. Finally, the WIC program, which many regard as the best need-based of all child nutrition programs, had not yet been created.

By 1980, Federal expenditures for children in low-income families represented 60% of all Federal child nutrition program expenditures. The school lunch program served a total of 26.6 million children in 1980, or 4.2 million more children than in 1970. However, all of this growth and more was in the free and reduced price categories, which increased by 7.3 million children (to 11.9 million), while participation in the regular, non-income tested part of the program dropped from 17.8 million to 14.7 million. For the breakfast program, participation grew from a total of 450,000 in 1970 to 3.6 million in 1980--and 85% of these children were from low-income families. Finally, the WIC program, which had not existed in 1970, was serving an average of nearly 2 million women, infants and children in 1980, and funding for this program alone represented 16% of all child nutrition program expenditures.

I recite these statistics for those whose primary interest is in dollar figures, because I think it is important for them to understand the human consequences of child nutrition expenditure growth. The dollar growth in funding for these programs, when viewed from the context of participation is not as haphazard as a graph only showing dollars might suggest. Funding grew considerably between 1970 and 1980, but with it came a commitment to

the needs of low-income children--a commitment which costs more than just providing a minimal subsidy and letting children pay the difference, or go hungry.

In the late sixties and early seventies, the Federal Government embarked on a non-partisan effort to improve the nutrition of our children, particularly our needy children. As a consequence of this commitment we have provided the best nutrition programs for children that the world has ever seen--not perfect perhaps--but unequivocally the best. Even more importantly, our special concern for needy children is clearly reflected in the data showing the dramatic increase in the number of such children participating in these programs, and the proportion of expenditures committed to their needs. We chose to give more, not because more is necessarily better, but because more is necessary where there is greater need.

Effect of Reconciliation

Now let me turn to what happened to child nutrition programs after 1980 when Congress enacted reconciliation legislation that reduced program funding. Compared to 1980, when Federal expenditures for child nutrition were $4.4 billion, 60% of which went to low-income children, 1983 expenditures were $4.7 billion. And even more importantly, nearly $3.7 billion of this amount, or 78% of these funds were expended for low-income children.

In 1980, it is true that there were 26.6 million children participating in the school lunch program, compared to 23.1 million in 1983. However, all of this 3.5 million difference is in the paid category, where participation is down from 14.7 million to 11.2 million. The same total number of children participated in the free and reduced price segment of the program in 1980 as in 1983--that is 11.9 million. However, the distribution is slightly different with reduced price participation going down from 1.9 million to 1.6 million, while free participation went up from 10 million to 10.3 million.

WIC Program

For the WIC program, Federal expenditures grew to approximately $1.16 billion in 1983 and represented 25% of all child nutrition program funds. This is an increase of $390 million over the FY 80 funding level for this program and compares to 16% of child nutrition program funding in 1980. More importantly, average WIC participation in FY 1983 was approximately 2.6 million, compared to 1980, when average participation was just under 2 million.

Facts Behind Statistics

I am pointing out these statistics for those who continue to allege that the child nutrition budget cuts of 1981 were too large, and harmed an inordinate number of low-income children--an allegation that I believe to be unjustified. It is unjustified because it looks only to dollar terms and not to the human reality--the children being served, and their need. The data indicates that low-income children continue to be served in signif-

icant numbers and that a growing proportion of expenditures are being distributed on the basis of need. It also appears that greater numbers of children from families with very low income levels are participating in the programs than in the past. This sounds to me like appropriate targeting, and I find it hard to see the danger in it.

In this difficult time, I believe that those of us involved in the delicate balancing act of allocating limited Federal resources should look carefully at the human factor instead of just dollars. I believe that if we do, we will find that our current commitment to child nutrition programs is justified, and that there is no need to either further reduce expenditures, or restore program funds.

STATEMENT OF HON. WALTER D. HUDDLESTON
A U.S. SENATOR FROM KENTUCKY

On September 30, 1983, I introduced S. 1913, legislation that would make needed improvements to the school lunch and other child nutrition programs. S. 1913 is specificelly designed to make what I believe are essential restorations to, and changes in, the nutrition programs that are vitally important to the welfare of our nation's children.

The carefully targeted provisions of my bill would benefit school children of the "working poor" by lowering the cost of a reduced-price school lunch from 40 cents to 25 cents and the cost of a reduced-price breakfast from 30 cents to 15 cents; provide additional funding to improve the nutritional content of meals provided under the school breakfast program; and benefit children of low-income working mothers by restoring one meal and one snack, per day, to the child care food program.

The fact that hundreds of thousands of children who are from working poor families no longer participate in the child nutrition programs since the implementation of the 1981 and 1982 budget cuts indicates to me that those changes were too severe. I believe we must reevaluate our earlier decisions.

When introducing S. 1913, I made very clear that the legislation was within the budget limitations provided by Congress for fiscal year 1984. This was an important factor to me, as I am sure it was with many of the other senators who have joined me in sponsoring the bill.

Because the bill will repair the damage to these important programs while remaining within the budget agreed to by Congress, I hope the Senate will act soon on S. 1913, which to date has 52 cosponsors, or H.R. 4091, similar legislation that is pending on the Senate calendar.

Mr. Chairman, I appreciate your holding this hearing today, and I look forward to hearing the testimony from our witnesses.

TESTIMONY OF JOHN W. BODE
DEPUTY ASSISTANT SECRETARY FOR
FOOD AND CONSUMER SERVICES
U.S. DEPARTMENT OF AGRICULTURE

Mr. Chairman, and members of the Subcommittee, thank you for the opportunity to comment on legislation to reauthorize or modify the Special Supplemental Food Program for Women, Infants and Children (WIC) as well as certain child nutrition programs.

Before commenting on S.1913, I would like to emphasize that current laws provide generous child nutrition benefits. Any child in a participating school can receive a free meal if his family's income is less than 130 percent of the poverty line — almost $13,000 for a family of four.

Students from families with income up to $18,315 for a family of four are eligible for a federal subsidy of 92 cents per meal, not including the 10 cents per meal average value of bonus commodities which we are now providing. They cannot be charged over 40 cents for that lunch which typically costs about $1.30.

Over 23 million children a day participate in the school lunch program. In addition, the Administration's special distribution of surplus commodities provides extra assistance to families in need.

It is true that we have restrained the budgets of the child nutrition programs through the judicious changes adopted by Congress in 1981. The changes that were made served to better target scarce Federal resources on those in greatest need, improve program administration and reduce duplication in subsidies. Despite our reforms, the Federal government still provides large subsidies to upper and middle income families through the child nutrition programs. For example, this year in the school food programs, we will spend approximately $460 million to subsidize meals served to students from families with income above 185 percent of the poverty guideline. The Child Care Food Program is growing dramatically in child care homes. Yet, two thirds of those homes' subsidies go for families in that same, highest income group.

S. 1913

The Administration strongly opposes the enactment of S.1913. Most of the provisions of S.1913 are aimed at reversing a number of entitlement reforms adopted by Congress as part of the Omnibus Reconciliation Act of 1981, P.L. 97-35. It would use taxpayer's money to provide new entitlement funding for those well above the poverty line. At a time of unparalled need to control federal spending, we cannot justify this bill, which would add $180 million to the deficit in 1985 alone.

S. 1913 provides for:

- Increasing the subsidy for each reduced price lunch and breakfast served;

- Increasing the subsidy for all breakfasts -- including paid and reduced price -- by six cents;

- Expanding the Child Care Food Program (CCFP) to subsidize up to three meals and two supplements each day;

- Expanding the Special Milk Program to all kindergartens and eliminating the maximum five cents reimbursement for milk for nonneedy students;

- Administrative funding to States for storing and distributing commodities donated under the National School Lunch Act;

- Reinstating the school feeding programs in high-tuition private schools;

- Deductions for unusually high medical costs;

- Increasing the funding for the Nutrition Education and Training (NET) Program.

- Eliminating the link between the Food Stamp Program and free meal eligibility standards;

- Delaying verification requirements;

The Administration does not favor an across-the-board, six-cent increase in school breakfast reimbursements, including those for nonneedy students. This provision would increase costs by an estimated $42 million annually. This proposal strikes us as an over-reaction to recent study findings about the Breakfast Program. The Breakfast Program is almost always available in conjunction with nutritionally superior school lunches. Thus, the overall school nutrition program nutrient content is quite good.

Increasing the Federal subsidy for reduced price meals would expand benefits to the less needy at an estimated cost of $70 million.

S.1913 provides for restoring child nutrition programs in all private schools, regardless of the level of tuition charged. The Administration maintains that families who are able to pay private school tuitions over $1,500 per year can afford the cost of their children's meals.

The Special Milk Program cannot operate in any school which participates in any other child nutrition program. S.1913 would exclude kindergartens from this restriction. Since all the child nutrition programs serve milk as part of their meals and since such meals may be made available to kindergarten children, we see no need to permit duplicate milk subsidies for kindergarteners.

The provisions for subsidizing three meals and two supplements daily under the CCFP would give the Federal government the entire responsibility for feeding a child, abrogating all family involvement in preparing meals.

The income verification pilot study is now complete, thus rendering moot the S.1913 provision to delay implementation until after the study's completion. We expect to forward the report on this study to the Committee within the next month.

Allowing the exclusion of unusually high medical costs in determining eligibility for these programs would increase certification costs, administrative burdens, and complicate verification of applications, since there would be questions of interpretation about the level and type of expenses.

Eliminating all references to the Food Stamp Eligibility Standards would serve to add further complications to the eligibility and verification processes since these references streamline the process, relieving the administrative burden at the local level.

With regard to increasing the NET Program funding to $8 million, as I will explain shortly, the Administration believes that funding for the NET Program should be discontinued.

In addition, the Administration believes that State Administrative Expense funds, combined with State and local contributions, are adequate for expenses associated with storing and distributing commodities donated under the National School Lunch Act. Additional Federal funds would only supplant present State and local monies.

EXPIRING AUTHORIZATIONS

Next, the authorization of five programs expiring this year must be considered: the WIC Program, the Summer Feeding Program, State Administrative Expenses, the Nutrition Education and Training Program, and the Commodity Distribution Program, which provides support to other food programs.

The Administration recommends one year reauthorization for the WIC Program, the State Administrative Expenses Program and the Commodity Distribution Program. It is important, we believe, to retain the mechanism of reauthorization, so that regular reviews and appraisals of program effectiveness will occur.

The Supplemental Food Program for Women, Infants, and Children (WIC) has expanded rapidly during the past ten years. A major USDA evaluation of WIC is presently underway, and results will not be available until late this year. Also, there is a study of WIC Program participant characteristics not scheduled for completion until next year. A third study, directed at examining the WIC potential target population, will not be finished until next year. In view of the fact that WIC has now grown to the point where it serves approximatley one-fifth of the infants born in America each year, it seems prudent to leave opportunities open for changes in program design, should they be warranted. Therefore, a one year reauthorization of the program is appropriate.

Similarly, a one year reauthorization will enable us the benefit of reassessing the State Administrative Expenses Program (SAE) after a complete review of the equity of its distribution formula. Also, the Commodity Distribution Program reauthorization can be considered with the benefit of a report on a major Congressionally-mandated study of that program.

Under the Commodity Distribution Program, USDA has jurisdiction over the Elderly Feeding Commodity Program. The President's budget proposes to fund elderly feeding in the

Department of Health and Human Services, which already administers the main elderly nutrition program. Under the Older Americans Act, a mechanism will be provided to allow States to continue to receive commodities instead of cash if they so desire. Therefore, it is not appropriate to reauthorize that portion of the Commodity Distribution Program.

Since 1977 the Nutrition Education and Training Program (NET) has operated to provide seed money to State agencies to help them begin or augment existing Nutrition Education Programs. With State programs now well established and the total level of support quite low (at $5 million), we believe it is time for the States to assume funding responsibilities. We propose that NET be discontinued as a Federal program, rather than being reauthorized.

The Department's budget proposes to consolidate the Summer Food Service and Child Care Food Programs into a Non-School Food Program Grant to States. This grant would permit States greater flexibility to design assistance programs for meals served outside a school setting. States would no longer have to apply a complex set of reimbursement rates or comply with Federal regulatory requirements.

In addition, while legislative changes have improved the accountability of the Summer Food Service Program, the nature of the program precludes assurance that program benefits go to low-income children. Eligibility is established by geographical area, rather than being determined on an individual basis. Also, the Child Care Food Program has problems with benefit targeting. States could address the targeting problem when developing their nonschool food programs.

Mr. Chairman, because of these considerations, we believe that it would be prudent for the Committee to reauthorize the WIC, SAE, and Commodity Distribution Programs for one year only. We recommend that the NET and the Summer Food Service Program not be reauthorized, and that the latter be replaced by a nonschool food program grant so that States can develop their own programs.

Thank you for considering our views. If you have questions, I will be happy to answer them.

STATEMENT OF GENE WHITE, CHAIRMAN, LEGISLATIVE AND PUBLIC POLICY COMMITTEE, AMERICAN SCHOOL FOOD SERVICE ASSOCIATION

Mr. Chairman, my name is Gene White, Chairman of the Legislative and Public Policy Committee. I am also the Director of Child Nutrition and Food Distribution Programs for California State Department of Education.

The American School Food Service Association (ASFSA) is pleased and honored to have this opportunity to share with the Committee our views on current issues facing the Child Nutrition Programs. It is an annual tradition we appreciate.

The 1985 Budget sent to the Congress last month does not propose new budget cuts in child nutrition. We are extremely pleased that the Administration is not seeking some of the proposals that were rejected by the Congress last year or any other significant new proposals that would greatly reduce the funding for child nutrition. There are, however, a number of legislative proposals contained in the budget, as well as a number of legislative proposals pending on the calendar from last year, that require our attention——

1. ASFSA supports passage of H.R. 7, introduced by Chairman Carl Perkins, making permanent the several Child Nutrition Programs whose authorizations expire at the end of the current fiscal year. The Nutrition Education and Training Program, the Summer Food Service Program for Children, the Commodity Distribution Program, and the provision for State Administrative Expenses (SAE) expire on September 30, 1984. All other Child Nutrition Programs, including the School Lunch Program and the School Breakfast Program, already have been made permanent.

2. ASFSA supports passage of H.R. 4091 and S. 1913. Since 1980 the Child Nutrition Programs have been cut by approximately $1.5 billion. S. 1913 and H.R. 4091 would mitigate the harshness of these cuts by restoring approximately 10% of the cut or $150 million. The legislation would make a number of important changes. It would:

(a) Lower the cost of a reduced-price lunch to the children of working poor from 40¢ per meal to 25¢ per meal;

(b) Lower the cost of a reduced-price breakfast to the children of working poor from 30¢ per breakfast to 15¢ per breakfast; and

(c) Increase the funding for School Breakfast Programs to improve the nutritional quality consistent with the findings of the U.S. Department of Agriculture's National Evaluation of School Nutrition Programs, published in March 1983.

Additionally, the legislation would provide benefits for the Child Care Food Program and private schools.

These changes are modest in nature and targeted specifically to those poor children participating in the free and reduced-price school lunch and breakfast programs.

When H.R. 4091 was being considered by the House last fall, the Administration pointed out that more than 70% of the benefits under the bill would go to families with incomes over130% of the poverty line. It failed to point out that approximately 70%–80% of the benefits would go to families with incomes below 185% of the poverty line. The bill is intentionally targeted to benefit the working poor, and properly so. The budget cuts enacted as part of the Omnibus Reconciliation Act of 1981 have dramatically reduced participation in the reduced-price lunch category. The following chart represents some examples. The chart is not meant to represent a statistically sound national sample, but the examples are instructive.

SCHOOL LUNCH PARTICIPATION REDUCED PRICE CATEGORY

	October 1980	October 1983	Percent decline
Arkron, OH	1,882	983	48
Memphis, TN	4,265	1,409	67
Raleigh, NC	2,708	1,966	27
Birmingham, AL	2,881	2,054	29
Albuquerque, NM	4,135	2,967	28
Cleveland, OH	2,366	1,841	22
Louisville, KY	5,332	4,147	22
Kansas City, MO	1,756	1,684	4
Fort Lauderdale, FL	5,960	5,250	12

In light of this decline we believe that H.R. 4091 is an extremely important piece of legislation.

3. ASFSA opposes a nutrition block grant as recommended by the White House Task Force on Food Assistance. ASFSA believes that the federal government must retain primary responsibility for the child nutrition programs and that such programs should not be included in any block grant or otherwise turned back to the states.

Including child nutrition programs in a block grant to the states represents an abdication of federal responsibility which would result in many of these child nutrition services being terminated or drastically reduced. A child's need for a nutritionally adequate diet does not vary from state to state. If the child nutrition programs are terminated under a block grant, a child living in a state with an adequate tax base would have a much greater chance of receiving a nutritionally adequate diet than a child growing up in a state with a poor tax base. ASFSA believes that child nutrition must have a uniform national guarantee through federal programs, for with a better diet goes a greater opportunity for children to learn, grow, and fulfill their potential.

ASFSA therefore, opposes repealing the Child Care Food Program and the Summer Feeding Program and replacing them with a general nutrition assistance grant for the same reasons. These programs are an extremely important part of the federal effort to protect the nutritional health and well-being of the nation's children.

4. ASFSA supports the strict regulation of competitive foods.

(a) Restrictions on the sale of foods sold in competition with the National School Lunch Program are vital to protect both the nutritional quality of the program as well as the financial integrity of the program. ASFSA supports legislation that would bar the sale of competitive foods on school premises from the beginning of the school day to 30 minutes after the last meal. As you know, the U.S. Court of Appeals for the District of Columbia recently held that the Secretary of Agriculture lacked the statutory authority to justify the current USDA regulations. We believe that situation should be remedied.

(b) Business Week magazine on January 30, 1984 reported "McDonalds says it is moving to stay abreast, if not ahead, of the domestic market * * * and looking at barely tapped distribution outlets such as schools * * *". If fast food restaurants are allowed to invade school campuses the revenue from food sales will inure to the benefit of corporate stockholders, not the school lunch program and the children it serves.

Current law allows the sale of competitive foods, found by the Secretary to be nutritionally satisfactory, only "if the proceeds from the sales of such foods will inure to the benefit of the schools or of organizations of students approved by the school." We urge the Congress to require strict enforcement of this important provision of the law and to make clear that it requires all proceeds to inure to the benefit of schools or of organizations of students approved by the schools.

5. ASFSA opposes termination of the Nutrition Education and Training Program (NET), and supports the original concept of 50 cents per child per year for the purpose of nutrition education for students and ongoing training for food service personnel.

6. ASFSA opposes eliminating the requirement that USDA directly administer the Child Nutrition Programs. Ideally State Agencies should administer their programs. However, several states have laws, policies or even constitutional provisions which prohibit the State Educational Agency from administering non-school programs. Currently, the USDA administers the Child Nutrition Program and Special Milk Program in private schools in thirteen states; the Child Care Food Program in nine states and the Summer Food Service Program for children in seventeen states. If Congress permits the USDA to withdraw from the administration of Child Nutrition Programs, mass termination may occur in states which are unable or unwilling to change state laws.

7. ASFSA opposes indexing of the reimbursement rate for the reduced-price meals. In recent years the cost for the reduced-price lunch has increased from 10¢ to 40¢. Results of the National Evaluation of School Nutrition Program have shown a direct relationship between participation and meal price. ASFSA, therefore, opposes such price increases in the reduced-price meal categories.

8. ASFSA urges the Congress to undertake a feasibility study or pilot project on various methods of operating a self-financing school lunch program for all children.

During the final meeting of the White House Task Force on Food Assistance, Dr. George Graham, a commission member, re-surfaced the idea that the National School Lunch Program would better serve all children if it were a universal pro-

gram. He then went on to propose funding the program by including the value of the lunch served as taxable income.

Last year, Senator Gary Hart introduced legislation that would have reduced the current 100% tax deduction on business lunches and entertainment expense to 70% and used the revenue for child nutrition. It was estimated that this legislation would have generated $1.2 billion in new revenue to the U.S. Treasury. If you combine Dr. George Graham's suggestion with Congressman Miller's proposal, you can raise over 90% of the funds needed to finance the Universal School Lunch Program. And if the universal program is only extended to elementary schools it would not be necessary to lower the tax deduction on business luncheons and entertainment expenses to 70%. Sufficient revenue could be raised by lowering the deduction to approximately 80%.

The declaration of policy in the National School Lunch Act has not been amended since it was enacted some 37 years ago. Since that time a number of significant changes have been made. Most importantly was the change enacted in 1971 providing additional, or special federal assistance, in order to provide free and reduced price meals to poor children. It was a change that ASFSA strongly supports.

With enactment of the free and reduced price lunch program the mission of the National School Lunch Program was enlarged from a health and nutrition program to include an income security component. Concomitantly there has been an increase in verification requirement, an increase in documentation requirements and less sensitivity to protecting poor children from over identification and discrimination. In short, the National School Lunch Program is currently facing something of an "identity crisis". Is it a welfare program, or is it a nutrition program for all children?

A universal school lunch program for all children would get schools out of the costly and burdensome business of having to document and verify the income of families participating in the programs. These activities are better left to the experts at IRS. Second, it would refocus the program on its initial goal of providing nutritious means to all children throughout the nation who wish to participate in the program—regardless of income. Third, it would eliminate all problems associated with identification of poor children and discrimination.

Mr. Chairman, we have been aware of the advantages of a universal free school lunch program for many years. We have not, however, explored the various options that may be available for financing such a program. We therefore request that Congress undertake a pilot project or at least a feasibility study to ascertain the various methods of operating a self-financing school lunch program for all children.

Thank you very much Mr. Chairman, Members of the Committee for the opportunity to provide information on our Child Nutrition Programs. We are ready to answer any questions that you may have. Thank you very much for permitting us to testify.

STATEMENT OF NANCY VAN DOMELEN, PRESIDENT, BOARD OF DIRECTORS, WILDWOOD CHILD CARE PROGRAMS, ASPEN, CO

Good afternoon. My name is Nancy Van Domelen. I appreciate being given the opportunity to speak here today. I have been involved with the Child Care Food Program since its inception in July 1976, as founder, director, and now non-profit Wildwood Child Care Programs—a statewide sponsoring agency currently serving 2,600 family day care providers and 15,000 children in Colorado.

Throughout these past seven years, I have had the unique opportunity of directing Wildwood's administrative operation in three distinctly different phases—that of a small, medium, and large sponsorship. Wildwood also operated from 1976 to 1980 under the restrictions of income eligibility criteria (means testing). I was able to observe the benefits that the elimination of income eligibility criteria brought in expanded family day care participation, improved sponsor service levels, and more nutritious meals for the children of working parents.

During my allotted time here today, I would like to speak to the following issues:

1. That the condition of child care for working parents in the United States has dramatically changed in the past decade requiring a reconsideration of priorities on the part of Congress.

2. That The Child Care Food Program's influence has had a far-reaching positive effect on: working parents and their children, family day care providers, and sponsoring organizations.

3. That The Child Care Food Program should receive no further reductions in funding given the importance of its role of child care support for working parents.

4. That the need be recognized for the establishment of a National Child Care Policy by Congress.

I am also submitting for the record a position paper written by me for the Sponsor's Forum which will cover in more depth the points made in this testimony.

CHILD CARE POSITION PAPER REVIEWING THE FOLLOWING ISSUES:

THE CONDITION OF CHILD CARE IN THE UNITED STATES IN 1984—THE NEW REALITY VS. THE OLD STATUS

A response to Senate bill 1994's proposal for additional cuts in the child care food program

Submitted by the Sponsor's Forum, March 1984

CHILD CARE POSITION PAPER SUMMARY SHEET

There is a new reality and direction that family life and child rearing are taking in this country which Congress must recognize:

That 60% of American mothers are working with this number increasing by 1990.

That child care is used by working parents from all economic backgrounds, not just low-income families.

That the working parents of this country consider group child care to be beneficial for their children.

That working parents have real difficulty in finding acceptable child care.

That working parents feel that the federal government has a responsibility in establishing basic standards of child care for children of all socio-economic backgrounds—not just primarily children of low-income families.

A powerful new constituency of working parents is forming in this country who are identifying child care as a major political priority of the 80's. They want child care that is: available, accessible, affordable, and improved in quality.

Family day care homes are the single largest source of cost effective child care for America's working parents.

The Child Care Food Program is the only federal program in existence which establishes nutritional standards for meals served preschool and school-age children in care. 700 sponsoring organizations administer the program for 76,700 family day care homes feeding 272,000 children.

Senate Bill 1994, introduced by Senator Jesse Helms, proposes the reinstatement of income eligibility criteria in the The Child Care Food Program which would change the current single rate of reimbursement for family day care providers to various rates of reimbursement based on the income levels of the parents.

Senate Bill 1994, if passed, would cut the funding for The Child Care Food Program 45%. The proposed reduction in funding will detrimentally impact all children in the program, even those targeted by the bill for assistance—the children of low-income parents—through its negative impact on:

Working Parents.—The family day care homes on The Child Care Food Program serve primarily the low and middle income working parents of 272,000 children. The median income of these parents ($12,000 to $15,000) is lower than the national average (median $16,000). Lower child care costs are the primary reason these parents have selected family day care. The proposed 45% cut in funding will force family day care providers to raise their rates—thereby putting family day care beyond the financial reach of many working parents.

Family Day Care Providers.—Family day care providers are the most underpaid caregivers in the United States. Their average mean day care income of $2,614 is substantially below the poverty level. Their food costs are double those of providers not on The Child Care Food Program, and the USDA reimbursement covers only about 35% of these food service costs. Family day care homes generally have a mixture of children from varying economic backgrounds. Providers do not use a sliding scale in setting rates, but generally charge a single fee to all parents which is dictated by the market in their area. Senate Bill 1994 will further reduce the low return family day care providers receive for their services. This will result in many of them discontinuing day care or significantly cutting back on the quality of their care.

Child Care Food Program Sponsors

The number of CCFP sponsors increased 200% after the elimination of income eligibility criteria in May 1980. These sponsors provide recruitment, training, monitoring and nutritional education to 76,700 family day care homes for the lowest admin-

istrative costs in the child care field—38% lower than child care centers on the CCFP. For sponsors, income eligibility criteria will create additional paperwork and problems with recruitment, confidentiality, and discrimination toward children. As a result, many sponsors will drop The Child Care Food Program or be reduced in size to the level where they have higher administrative costs with less economy of scale.

Further cuts in The Child Care Food Program are not warranted.

The program received a reduction in funding of approximately 30% in FY 1982. If Senate Bill 1994 were passed, the result would be a cumulative cut in funding over the past three years of 75%. To further reduce this program would seriously affect the health and well-being of over 272,000 children of low and middle income working parents.

Therefore, The Sponsor's Forum recommends the following:

1. That any proposed legislation which detrimentally impacts on the availability, accessibility, affordability or quality of child care programs—such as Senate Bill 1994—be rejected by Congress during this current legislative session.

2. That federal assistance for child care be recognized as a high priority, and that Congress support with direct and indirect aid legitimate programs that enhance the quality of this care.

3. That well-articulated National Child Care Policy be established by Congress that would identify the country's child care needs and would create national program directives to meet them.

I. THE CONDITION OF CHILD CARE IN THE UNITED STATES IN 1984—THE NEW REALITY VS. THE OLD STATUS

A. Introduction

The Congress of the United States faces a crucial task in the coming six months as it deliberates on the federal budget for FY85. Legislators will be making significant decisions that will impact this nation—its economy and quality of life. On the positive side, however, there never has been a more appropriate or opportune time to reassess national priorities.

One priority that requires immediate and thorough reconsideration is that of child care with its impact on America's working parents. As most of us are aware, this past decade was revolutionary insofar as the care of children in this country was concerned. Women moved into the work force in unprecedented numbers, placing their children in care in nonrelative homes and centers. This fact, coupled with other changes in the living situations of American families, created new pressures on children and their parents as well as new demands on our institutions.

In this important presidential election year, Congress must take a fresh look at all issues affecting children with child care high on the list. The current perception on the part of many legislators regarding working parents' child care needs must be replaced by a more accurate view of the new reality and direction that family life and child rearing are taking in this country.

B. The New Reality vs. the Old Status

1. Old Status.—Most mothers were home taking care of their children. Even if mothers did work it was only for a few hours a day while their children were in school.

New Reality.—Most American mothers are not home caring for their children.

The percentage of mothers of children under 18 who are in the labor force has increased from 40% in 1970 to almost 60% in 1983.[1]

The percentage of married women with children under 6 who are in the labor force has increased from 30% to 50% from 1970 to 1983.[1]

The percentage of female-headed families has increased from 7% in 1960 to 19% in 1982.[2] Preliminary data indicates that the vast majority of these women are in the work force.

Most working mothers work full-time—70% of those with school-age children and approximately 62% of those with preschoolers work eight hour days.[2]

Projections are for the female labor-force participation rates to continue to increase during the 1980's, although at a slower pace than during the 70's.[3] The rate

[1] Data supplied by Elizabeth Waldman, senior economist, U.S. Bureau of Labor Statistics, Division of Employment and Unemployment.

[2] Data supplied by Elizabeth Waldman, senior economist, U.S. Bureau of Labor Statistics, Division of Employment and Unemployment.

[3] U.S. Bureau of Census, "Statistical Abstract of the United States 1982-83," table 73.

of increase is expected to be particularly high for women with children under three years of age.[4]

2. Old Status.—That child care was used primarily by low-income parents or families on welfare.

New Reality.—That child care is used by a majority of American mothers who come from a broad cross-section of socio-economic backgrounds.

The perception that child care is a poor person's issue is no longer valid. American mothers from all walks of life have moved into the work force because either they are the sole support for their children's economic needs or they are assisting their husbands in maintaining a desired economic standard. Initial data seems to indicate that 60% of the working mothers come predominantly from middle and low-income backgrounds with a much smaller percentage from high-income backgrounds.

Many working mothers have indicated that being employed contributes to an essential part of their personal identity and self-image—an important factor in these times which may continue to motivate American mothers to enter the labor market.

3. Old Status.—That it was more desirable for children to be cared for in their own homes. Child care was a protective service for a minority of children who had developmental problems or came from inadequate homes.

New Reality.—That group care outside of the home is considered by parents to be beneficial for children educationally and developmentally.

A growing number of parents in this country seem to believe that their children benefit from group care. Tests indicate that children who are in day care are more at ease in unfamiliar situations, play better with their peers, do better on tests of intellectual and language development, and are superior in their knowledge of the social world.[5]

Whether children benefit by being cared for outside of their own home will take years and extensive research to determine. The current reality is, however, that parents seem to think that they do and are seeking out child care in ever increasing numbers.

4. Old Status.—That child care was easy for working parents to find.

New Reality.—That working parents have real difficulty in finding acceptable child care.

Sheila B. Kamerman, DSW, Professor of Social Policy and Planning at Columbia University School of Social Work indicates that in survey after survey which she has conducted in conjunction with The National Study of Child Care Services, working mothers continue to list finding acceptable child care as the single most important problem they face.

The surveys conducted by Kamerman showed that many working mothers have to organize complicated child care packages to include a variety of caregivers in a given day or work. It was not uncommon to find husbands and wives working different shifts in order to guarantee adequate care for their children. The end result was often a desperate juggling act that impacted negatively on the well-being of the family unit.

5. Old Status.—That federal assistance for child care was primarily earmarked for children of low-income families.

New Reality.—That federal responsibility and assistance in establishing basic standards for child care must be provided for children of all socio-economic backgrounds.

A powerful new constituency is forming in this country of working mothers and fathers who are identifying child care as a top political priority of the 80's. They will no longer accept the outmoded position that the federal government should assist only low-income families in establishing basic standards for child care.[6]

Working parents are calling for support from every level of government—federal, state, and local—and from the private sector as well. The rush is on to guarantee child care that is:

Available.—By increasing the quantity of services.

Accessible.—By expanding access to these services.

Affordable.—By making a variety of services financially viable for all parents who need and want them.

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[4] Sheila Kamerman, Codirector National Study of Child Care Services funded by the Carnegie Foundation, "The Child Care Debate," Working Woman, November 1983.

[5] Alison Clark-Stewart, associate professor of education and behavioral sciences, University of Chicago.

[6] Sheila Kamerman, codirector National Study of Child Care Services funded by the Carnegie Foundation, "The Child Care Debate," Working Woman, November 1983.

Improved in quality.—By enhancing the currently existing condition of child care.

C. Conclusion and recommendations

Because 60% of American women are working, with the expectation that this percentage will increase particularly for children under three in the decade ahead, one of the top political priorities of the 80's will be child care. Working parents will be centering in on the federal government's responsibility to assist in guaranteeing basic standards of care for their children. Most Americans believe that the whole society has a stake in how children grow up and the kinds of adults they become—and thus how they are cared for when they are young. Congress must address this issue now.

In view of the urgency of the problem, The Sponsor's Forum makes the following recommendations:

(1) That any proposed legislation for FY85 that detrimentally impacts on the availability, accessibility, affordability or quality of child care programs—such as Senate Bill 1994—be rejected by Congress during this current legislative session.

(2) That federal assistance for child care be recognized as a high priority for the health and well-being of a large segment of American society—that of working parents and their children—and that Congress support with direct and indirect and legitimate programs whose purpose is to enhance the quality of child care.

(3) That a well-articulated National Child Care Policy be established by Congress that would identify the country's child care needs and would create national program directives to meet them.

II. A RESPONSE TO SENATE BILL 1994'S PROPOSAL FOR ADDITIONAL CUTS IN THE CHILD CARE FOOD PROGRAM

A. Introduction

A key bill which has been introduced into the 1984 Senate legislative session by Senator Jesse Helms is Senate Bill 1994. This bill would amend the National School Lunch Act to reinstate income eligibility criteria for family or group day care homes participating in the Child Care Food Program. With these criteria, the family day care provider would receive varying rates of reimbursement for food according to the income level of the parents of the children in care, instead of the single rate she now receives. The two stated goals of Senate Bill 1994 are:

To realize a savings of $45 million out of the $100 million family day care home budget of The Child Care Food Program.

To better target federal funds to the poor.

The inference in Senate Bill 1994 is that there would be no detrimental effect on the availability, quality, or cost of care for children for the following reasons:

That the children of low-income parents would not be affected because the reimbursement for their participation is not being reduced.

That the children of middle and high-income parents would not be adversely affected because the decrease in reimbursement could affordably be made up by their parents who would pay the day care provider more for their care.

The truth of the matter is that even though the 45% reduction in funding will save money, it will be at the expense of all children regardless of the income levels of their parents and will negatively impact low-income children. This position paper will illustrate:

1. That the reinstatement of income eligibility criteria in Senate Bill 1994 will have a direct detrimental impact on all children participating in The Child Care Food Program, through its indirect, negative impact on: working parents; family day care providers; Child Care Food Program sponsors.

2. That further cuts are not warranted given the degree of cuts already legislated into the Child Care Food Program in FY 1982, and that the goal of saving federal money should be realized in some other area of the budget that has not already suffered such serious reductions in funding.

B. Background on the Child Care Food Program

The family day care home portion of The Child Care Food Program was legislated as part of The National School Lunch Act in 1975. Its purpose is to provide food and nutrition assistance to the children of working parents who are being cared for in family day care homes. Its main components are:

A USDA funded reimbursement to family day care home providers who follow USDA nutritional guidelines in the preparation of meals.

Supervisory home assistance and monitoring.

Nutritional education and training.

At the present time, The Child Care Food Program has approximately 76,700 family day care homes serving 272,000 children with an average of 3.7 children per home. These providers are affiliated with approximately 700 non-profit sponsoring organizations nationwide.[7]

Even though—as Senator Helms pointed out in Senate Bill 1994—the Child Care Food Program is "one of the smaller programs within the Federal Government", its positive influence has a far-reaching effect on the field of child care for working parents. It is the only program of its kind in the United States which establishes a nutritional standard for meals fed to children in family day care homes. The program benefits:

Children—primarily from infancy to five years of age during the most important formative years of their growth and development.

Parents—who can concentrate on work knowing their children are well fed during the day. The CCFP reimbursement helps keep the parents' child-care costs within a reasonable range.

Day care providers—who receive financial and technical assistance which helps them improve the quality of their child care.

Employers—who have more productive employees with less child related absenteeism.

C. The detrimental effect of income eligibility criteria on working parents

Senator Helms has stated in Senate Bill 1994 that the basic premise for the drastic 45% cut in funding proposed for the day care home portion of The Child Care Food Program is warranted since the program serves a large proportion of non-poor children. He bases this conclusion on the following information:

An OIG audit of Quality Child Care, a CCFP sponsor out of Mound, Minnesota which claimed that 71% of all children enrolled with Quality were from homes with incomes above 185% of the poverty level.

USDA estimates that 64% of enrolled children are from annual incomes above $18,315 for a four person household.

The statistics supplied from both of these sources seem questionable in comparison with existing data describing the backgrounds of the parents of children in family day care homes. This data which has been compiled within the last three years from a variety of sources gives a comprehensive profile of these working parents, their income levels, and their reasons for selecting day care homes.

1. Parent Demand for Family Day Care.—All of the information in this section is taken from the National Day Care Home Study.

Family day care constitutes the most widely used form of day care in the United States in terms of families using non-relative care and number of children served.

More than half of the children enrolled are under six years of age.

The largest proportion of children placed by parents in family day care are under the age of three.

Family day care represents the most prevalent mode of care for the 5 million school age children of working parents between the ages of 6 and 13.

40% of the parents using family day care are single parent families—25% are divorced or separated; 15% are single.

According to a 1978 survey of 10,000 working women by Family Circle magazine, most mothers want federally subsidized, not federally controlled, day care where parents can pick the facility that suits their needs.[8]

2. Income levels of parents using family day care.—The families of children in family day care tend to be smaller and poorer than the national average. The National Day Care Home Study prepared by the Department of Health and Human Services, conducted in 1981, stated that the income of parents using family day care ($12,000–$15,000) was lower than the national average (median $16,000). This information varies greatly from the USDA estimates included in Senate Bill 1994 stating that 64% of enrolled children in The Child Care Food Program were from incomes above $18,315 for a four person household.

Parents of children in sponsored family day care have lower average incomes than parents in unsponsored family day care.[9]

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[7] Beverly Walstrom, Deputy Director of the Child Nutrition Division, FNS, United States Department of Agriculture, Washington, DC.

[8] "Leading Two Lives—Women at Home and Work," Newsweek Magazine, May 1980.

[9] "Family Day Care in the U.S. Final Report of the National Day Care Home Study," U.S. Department of Health and Human Services Publication, Office of Human Development Services, September 1981.

Studies show that day care is the fourth biggest item in many family budgets after taxes, housing, and food.[10]

Family day care costs constitute 6 to 8 percent of a family's gross income. Parents pay on the average $.60 an hour per child for care. For many parents, this expense can easily exceed $30 per week. From a parent's perspective, family day care, even though it is the cheapest of alternatives, is a costly endeavor.[9]

Generally, few parents can pay more than 10% of their total family income for the care of their children without making serious sacrifices.[11] Since the mean income of parents who choose family day care is $12,000 to $15,00,0, this places their maximum ability to pay at about $1,200 to $1,500 a year per child—an amount which will not support the wages needed for quality care without subsidization.

3. Parent reasons for selecting family day care.—Work is obviously the principal reason for needing child care. But parents' reasons for using family day care in particular are more varied:

More than half of the parents choose family day care because the costs are lower than center-based care.

They are seeking the possibility of special attention for their child.[12]

There is a strong tendency to prefer family day care for one-to-three year olds.[12]

Family day care provides a stable, warm and stimulating environment which caters successfully to the developmental needs of children.[12]

In the National Day Care Home Study, parents were asked what the most important requirements were in selecting the family day care home in which they would leave their child. One major criteria was that their child's nutritional needs be met. At the time this study was compiled, the majority of parents surveyed had placed their children in non-Child Care Food Program day care homes. Food was the most often mentioned problem area with 14% of the parents indicating that caregivers sometimes serve inappropriate foods (e.g., junk food).

Moreover, the Abt Associates Study—"The Evaluation of The Child Care Food Program" found: "quite clearly that the CCFP is meeting its goals of providing nutritious meals to children in day care in an attempt to improve their diets . . . the nutritional quality and the variety of food served are significantly better in participating day care facilities than in non-participating facilities."

4. *Conclusion.*—Family day care homes are the single largest group of caregivers providing child care for working parents in this country. The working parents who are placing their children in Child Care Food Program homes are primarily low and middle income parents. Lower child care costs are the primary reason that these parents have selected family day care. The drastic 45% cut in funding proposed in Senate Bill 1994 will force the family day care providers to raise their fees—fees which are helping to keep child care available and affordable. If Senate Bill 1994 is passed, the costs of child care will be increased for primarily low and middle income parents—a group which is least able to carry the brunt of this expense.

D. The detrimental effect of income eligibility criteria on family day care providers

1. *Profile of the family day care provider.*—All of the data in this section's description of family day care providers comes from the national study, "Family Day Care in the United States" and "The Evaluation of the Child Care Food Program," conducted by Abt Associates.

Age and Marital Status

Licensed family day care providers tend to be women in their thirties to fifties. The older provider tends to be more experienced and less educated. If married, her husband will be less educated and likely to be unemployed. The younger provider tends to be better educated, married, and caring for her own children at home.

Household Income

The median annual household income for day care providers was just over $10,000.

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[10] "Who Will Watch The Kids?—Working Parents Worry," U.S. News & World Report, June 20, 1983.

[11] Gwen Morgan, Chairperson of the Social Policy Committee of the Day Care Council of America, "Who Pays For Child Care?" The Day Care Journal, Vol. 1, No. 2, Fall, 1982.

[12] "Family Day Care in the U.S. Final Report of the National Day Care Home Study," U.S. Department of Health and Human Services Publication, Office of Human Development Services, September 1981.

Education

Although few family day care providers have college degrees, the majority have completed high school. However, approximately one-fifth have an eighth grade education or less.

Enrollment

Day care providers who are more experienced, more educated, or better trained tend to enroll more children than their counterparts since parents are more significantly inclined to choose the former group.

2. The cost of family day care.—The National Day Care Home Study summarized the situation regarding family day care costs as follows:

"The burden of paying for child care is considerable for most parents, especially those with lower incomes who must work to make ends meet. Thus parents are limited in their ability to provide adequate compensation to family day care providers. Since most providers care for only three or four children, it is impossible for them to derive adequate income for demanding work that may require 50 or more hours a week of their time.

Often a mother will relate the cost of child care to the salary she herself earns rather than the total family income. If it costs almost as much to keep a child in care as a woman can earn outside of her home, it may not pay her to work. Thus, women's salaries in the market place set an effective cap on the costs of child care. Even where day care is subsidized by the federal or state government, the resultant caregiver wage remains substantially below the minimum wage.

Day Care Provider Wages

Wages for personnel in center-based day care were significantly higher than family day care provider wages. Family day care providers earned an average yearly net income of $2,614, substantially below the Poverty Level.

The net average hourly wage for providers in sponsored day care homes was $1.92 an hour.

In 1977, 87% of all caregivers earned wages below the minimum wage; 94% had earnings below the poverty level, and 99% were below the low-income line.

Family Day Care Provider Food Service Costs

The Abt Study stated that the monthly food program cost per center was more than twice that of non-participating centers. The study then went on to report that food service costs in family day care were considerably higher than that of center-based care ($2.54 vs. $1.57 per lunch).

On the average, the CCFP reimbursement covered only 35% of food service costs in family day care homes.

3. Family day care provider parent fee-charging practices.—There is a basic fallacy in income eligibility criteria which never has been adequately addressed. The unspoken premise in Senate Bill 1994 is that the family day care provider should be given a lower rate of reimbursement for middle and high income children because she is charging the parents of these children more for child care. Nothing could be farther from the truth.

Numerous informal surveys conducted by CCFP sponsors across the country give the following picture of actual provider fee practices:

Most family day care homes have a mix of children from varying socio-economic background.

Providers charge the same flat rate to each parent. This fee is predicated on the going market rate which providers estimate that the average parent can afford. There is very little differentiation in fees within a given city or county area. The family day care home fee is generally lower than center-based fees.

Family day care is offered in an intimate home setting. Day care providers and parents are often neighbors and friends. Providers avoid setting up sliding fee scales which would require the parents to share their income status with the provider. Instead, the provider charges an average fee which does not adequately reimburse her for operating costs, labor and food.

4. Conclusion.—Family day care providers are used by working parents more than any other non-relative caregiver. The preponderance of evidence indicates that they earn little from their caregiving—the average mean day care income of $2,614 falls substantially below the poverty level. They generally operate outside of the market mainstream but are often influenced strongly and adversely by it. Working salaries seem to set an effective cap on the fees which the day care provider can charge.

Family day care providers on The Child Care Food Program have more than double the food service costs of non-participating providers. However, the USDA reimbursement they receive only covers approximately 35% of their food service costs. They charge a single fee to all parents which is informally regulated by what the market can bear and which, at the same time, does not offer providers an adequate wage for their services. Senate Bill 1994 proposes to further reduce the money providers receive from The Child Care Food Program driving up child care costs for parents or lessening even further the already inadequate wages of family day care providers. Ultimately, it will be the children who suffer as the quality of their child care experience is seriously diminished.

E. The detrimental effect of income eligibility criteria on Child Care Food Program sponsors.

The National Day Care Home Study, conducted by the U.S. Department of Health and Human Services in 1981 described in depth the value of day care systems which utilize "umbrella" sponsoring organizations which, in turn, facilitate the delivery of quality care to children. The following key facts from the study describe the assistance which Child Care Food Program sponsors offer family day care providers:

1. The value of CCFP sponsoring organizations.—Sponsoring organizations encourage the delivery of quality care, reduce the management burden on state and local governments, and facilitate day care funding.

CCFP sponsors exert a tremendous influence on family day care and have provided a strong impetus for the development of needed family day care systems.

Providers surveyed for this study indicated that the sponsoring organizations offering of The Child Care Food Program had helped them provide nutritious, high quality food in care. The sponsoring organizations had supported them in thinking through and planning meals with USDA nutritional guidelines in mind.

A major responsibility of sponsoring organizations is caregiver recruitment. Provider turnover and system growth continually create a demand for new family day care homes. Sponsoring organizations make a considerable investment in staff time to insure that new caregivers can and will provide a high level of care.

Another important function of CCFP sponsors is training providers to ensure that they offer quality care. The study found the providers received, on the average, five hours of training per month. Surveyed parents when asked what they looked for in selecting a family day care home, listed experience with children first and the training of the provider second.

Sponsoring organizations enforce the The Child Care Food Program requirement that participating homes must be licensed. This stipulation has had a two-fold effect: It has brought more day care homes into licensing, thereby bringing them into compliance with state and local day care requirements--and federal as well—if they serve federally subsidized children. And, licensing has provided an incentive to make these caregivers more visible and, therefore, more accessible to parents.[13] [14]

The National Day Care Home Study made five major recommendations regarding family day care. Three of the recommendations require the support and expansion of sponsoring organizations to accomplish:

(1) Promote the growth of family day care supply to meet the increased demand, particularly in infant and toddler care. In order to assist sponsors in their outreach for homes offering care, the study recommended that federal reimbursement rates be set higher for children under two years of age.

(2) Promote the development of day care systems which play an important role in ensuring quality by maintaining desirable enrollment levels, monitoring regulatory compliance, training caregivers, providing technical assistance to the caregiver, and offering a vehicle for parent involvement.

(3) Increase the availability of caregiver training since training does make a difference in the kinds of experience and opportunities available to children. In reality, however, statistics show that very few day care providers have been trained. It is important to note that those that had received training were most likely to be in sponsored settings.

2. Lower provider participation vs. higher administrative costs.—The Abt Study showed that The Child Care Food Program for family day care homes was meeting its goals of providing nutritious meals for children. It also stated:

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[13] "Family Day Care in the U.S. Final Report of the National Day Care Home Study," U.S. Department of Health and Human Services Publication, Office of Human Development Services, September 1981.

[14] Sheila Kamerman, Co-director National Study of Child Care Services funded by the Carnegie Foundation, "The Child Care Debate," Working Woman, November 1983.

That the administrative costs in family day care homes were 38% lower than the administrative costs in center-based programs.

That the limitation of income eligibility criteria for family day care homes in May 1980 brought an increase of 200% participation between June 1980 and March 1981.

That larger sponsors benefit from economies of scale and have significantly lower administrative costs per home than the small sponsors ($18 vs. $39 per home per month).

Therefore, it would logically follow that the reinstatment of income eligibility criteria would result in a sharp reduction in provider participation which would, in turn, reduce the size of the sponsors to the level where they would have higher administrative costs and less economy of scale. Also, the reinstatement of income eligibility criteria would result in many sponsors dropping out of the Child Care Food Program at a time when there is an increasing need and demand for sponsored family day care home care. This can readily be seen by the 434 CCFP sponsors operating when income eligibility criteria were in effect before May 1980—as opposed to the 700 sponsors participating at the present time.

3. Administrative problems for sponsors.—

Paperwork Problems

Income eligibility criteria will require income certification documentation from 76,700 families annually. This process increases dramatically the level of paperwork for sponsors. Senate Bill 1994 makes no provision for increased administrative funding to cover this cost.

Recruitment Problems

Provider turnover mandates the replacement of homes to maintain the needed participation level required for a viable sponsorship. Since most providers have children from a broad cross section of socio-economic backgrounds, it will be very difficult to target potential recruitment areas. Also, it was proven from 1976 to 1380, when income eligibility was required for family day care providers on the CCFP, that providers receiving low reimbursements would not participate in a program which mandated higher food costs and then did not come close to covering these costs.

Confidentiality Problems

Confidentiality of parent income information is an extremely sensitive issue in an informal family day care home setting in which the provider and parents often are friends and live in the same neighborhood. Sponsors participating in the CCFP before May 1980 when income eligibility was a part of the program reported that two major factors limited program participation: low reimbursement to the provider; provider reluctance to gather income eligibility documentation from parents.

Discrimination Problems

The most devastating effect of income eligibility criteria would be in the possible discrimination to which a provider would be forced in order to maintain a high enough reimbursement to cover even a portion of her food costs. At a time when the demand from parents of all socio-economic levels is increasing for family day care, particularly infant and toddler care, providers would be compelled to shift their day care slots to low income children in order to obtain the subsidy they so desperately need in their low-paying profession.

4. Conclusion.—Child Care Food Program sponsoring organizations encourage the delivery of quality care, reduce the management burdens on state and local governments, and facilitate day care funding. They exert a tremendous influence on family day care homes by encouraging desirable enrollment levels, monitoring regulatory compliance, training caregivers, providing technical assistance to the providers, and offering a vehicle for parent involvement. For these services, sponsors charge the lowest administration costs in the child care field.

The reinstatement of income eligibility criteria could bring about a sharp reduction in provider participation in the Child Care Food Program which would raise the level of administrative cost, decrease the economies of scale, and force many sponsors to drop out of the Child Care Food Program. Those sponsors that remain in the program will experience problems with: dramatically increased paperwork from income documentation, difficulties with recruitment of low income children, confidentiality complications involving providers who resist gathering income informa-

tion from parents, and possible discrimination against middle and high income children in the offering of available slots for child care.

F. Further costs in the Child Care Food Program are not warranted

Further cuts are not warranted given the degree of cuts already legislated into the Child Care Food Program in FY 1982 by Public Law 97-35 which resulted in a total Child Care Food Program reduction in funding of approximately *30%*. The cuts included:

A 10% economy of scale reduction in administrative reimbursements to CCFP sponsors. In reality, this cut amounted to approximately 23.5% because of the USDA interpretation of the reconciliation language.

An intended 10% cut in provider reimbursement by:

Reducing reimbursement from five meals to no more than two meals and one snack per child per day.

Allowing the family day care provider to claim her own children only if they were eligible for free or reduced price meals.

Reducing the reimbursement for children from 16 years to 12 years of age.

In reality, the effect of P.L. 97-35 on sponsors forced them to reduce their administrative costs, seek other funding sources, or operate at a loss according to the Abt Study. The study went on to say that the reduction in reimbursements to the family day care provider ranged from 25% in homes serving breakfast, lunch and two snacks with the provider not caring for her own children to 45% to 65% reduction in homes where the provider's own children were not income eligible.

1. Conclusion.—The net effect of the cuts legislated in The Child Care Food Program in 1982 was 30%. Now Senate Bill 1994 is proposing that an additional 45% cut in reimbursement to the family day care provider be passed. It has been proven that these providers have: average mean incomes under the Poverty Level, earn on the average a fee below the minimum hourly wage, and are the single largest group of non-relative caregivers in the country for middle and low income parents. If Senate Bill 1994 were passed, the results would be a cummulative cut in funding for the Child Care Food Program over the past three years of 75%.

The goal of saving federal money should be realized by reductions in some other area of the federal budget that has not already suffered such serious decreases in funding. This position paper has proven that the Child Care Food Program is a valuable program which offers important assistance to working parents and family day care providers. FY 82 reductions in funding were deep and cut into the "bone" of the program. To further reduce this program would seriously affect the health and well-being of over 270,000 children in this country. We ask that the Senate legislate no further cuts to this important program; and, that on the contrary, Congress seriously consider restoring funding to The Child Care Food Program.

STATEMENT OF ARMAND BALL, EXECUTIVE VICE PRESIDENT, AMERICAN CAMPING ASSOCIATION, MARTINSVILLE, ID

Mr. Chairman and Members of the Senate Subcommittee on Nutrition: I am Armand Ball from Martinsville, Indiana. I am Executive Vice President of the American Camping Association which is located on the Outdoor Education Campus of Indiana University near Martinsville, Indiana.

American Camping Association is a national non-profit professional organization founded in 1919 to achieve professional practices in organized camps, and to interpret the role of youth camps in the United States. Within our membership are the directors and owners of children's camps, camps for senior citizens, for families, and a great variety of special populations whose sponsors or owners include private individuals, community organizations, the major religious denominations and all the great youth organizations in the nation including Boy and Girl Scouts, the Y's, Camp Fire, Jewish Welfare Board and Salvation Army. The American Camping Association's national office and fulltime staff is headquartered at Bradford Woods, Martinsville, Indiana, on the Outdoor Education Campus of Indiana University. Thirty-two local Sections (Chapters) serve the membership and public.

American Camping Association represents some 60% of the over 11,000 camps in the country. We estimate over 8,000,000 children are served by the nation's camps each year and over 4,000,000 attend ACA Accredited Camps. One fourth of the camps in the United States are actually accredited under ACA's National Standards Program. Other camps, such as private, national agencies and organizations are also influenced through participation of their national leadership in the American Camping Association.

The Association's Parents' Guide to Accredited Camps lists, 2,200 youth camps which have been visited while in operation by trained ACA inspectors and accredited by ACA. These camps are located in all 50 states and several foreign countries. I have placed a copy of this Parent's Guide in each member's packet.

The activities of our camps vary as widely as the purposes, personalities and goals of their owners and sponsors, but on one goal all youth camps leaders in the United States are united . . . all professionals in the camping field want to operate safe and healthly camps for those boys and girls entrusted to them. This is not just from the dedication and deep concern for children which camping people already have, but it is obviously "good business" and necessary for each camp's reputation.

I would like to attest to the benefit of the Summer Feeding Program as it affects organized camps across the land, not only on behalf of the members of the American Camping Association but the directors of many camps not affiliated with our organization. From the earliest days of organized camps in our country, there has been a strong interest and concern to provide an outdoor living experience for youngsters from the lower economic strata of society. Early attention to this need was seen in the Settlement House Deal with particular concern for youngsters living in the crowded tenement in the city, but soon spread throughout a variety of agencies and religious groups. A resurgence of the concern nationally for the "downtrodden" during the '60's provided some funding and increased activity for camping for the intercity child.

In recent years, the soaring rate of inflation and recessionary pressures have made it increasingly difficult for the non-profit camp organized to serve children from lower income families. Non-profit organizations, including churches, have made efforts to increase the contributory dollar to meet the increasing costs, but often funds available meant the organizations had to limit the number of camperships.

The Summer Feeding Program has provided an opportunity to not only meet the goals of providing better nutrition for qualified children but also the concern of organizations to increase the number of youth having an outdoor group living experience.

Rather than to belabor my comments, I though you might enjoy hearing from your constituency directly:

A director of a Salvation Army resident camp reported their camp was abie to service an additional 125 youngsters from the black community who probably would not have participated in the Summer Feeding Program in their community.

The Director of Happy Hollow Children's Camps, Inc. of Indianapolis, Indiana, reports that the Summer Feeding Program funding enabled their camp to serve better quality meals with more meat and fruit juices.

The director of a New York camp reported that their camp was able to provide the best quality food they have ever been able to serve totally due to the Summer Feeding Program.

The Director of the Fresh Air Funds Camps of New York stated that (1) the Summer Feeding Program has fostered not only increased awareness of good nutrition but conscious efforts by staff to teach principles to campers, and (2) the Food Program requirements and enforcement by state department officials have led to better foods handling practices, e.g. use of food without additives or preservatives, use of only fresh vegetables, and increased concern for storage.

The director of four camps of Hiram House in Chagrin Falls, Ohio, notes that it enabled limited funds to spread in order to serve more children in the area and, thus, serve more nutritious meals to more children.

The director of Catholic Youth Camps in St. Paul, Minnesota, reported "We were able to increase by 100% the number of poor children coming to camp in our scholarship program. Those additional 25 children would not have come to camp if we had not been provided funds through the SFSP. Needless to say, the environment from which they came would not have provided them with the nutritious meals they received while at camp, let alone the opportunity to leave the intercity and experience the wonder of God's creation."

Since 1976, Channel Three Country Camp has participated in the Summer Food Service Program as administered by the Connecticut State Board of Education. The Program enables us to improve the quality of the camp's food service which provides three meals and a snack daily for over 100 children during an 8-week summer period. These children are from low income families, individually documented as to family size and income. Loss of this program would severely threaten our camp's ability to continue providing camping services to these families who have little or no alternative for summer recreational programs or nutritious meals.

So to summarize, I find camp directors from throughout the country identifying three major accomplishments of the Summer Feeding Program in camp:

(1) They have been able to enroll some additional low-income youngsters in camp, and, therefore, increased the number of children receiving nutritional food.

(2) They have been able to enrich menus, providing more fresh vegetables, fruits, meat and milk that has ever been possible in the tightly-squeezed food budgets of non-profit organizations.

(3) They have been able to provide nutritious meals that could never have been budgeted, thus enriching the child's diet.

Camp often becomes the important link in providing care for children of the single parent and homes where both parents work. It not only provides good supervision but insures nutritious meals, served by leaders with concern for each child's food consumption.

There is probably no group other than school lunch directors with greater experience in careful food preparation, budgeting and cost controls than the camp director and his/her food service manager. Even before the days of inflation/recession, camp directors have had to carefully budget food purchases, design menus to get the greatest value for the dollar, and to carefully control service to prevent waste. Many of the provisions and regulations of the Summer Feeding Program are second nature to the camp director, and I have been able to document very little waste in camp programs across the country. Much of the credit for improved menus and cost controls goes to the staff of the Food and Nutrition Service who have prepared excellent guideline and resources for camp food service personnel.

We view the proposed Block Grant with alarm for several reasons.

(1) We believe in many, and perhaps most, states there would be a tendency to utilize all the funds through public entities. Since 95% of organized camping is done under private auspices, this would miss the majority of low-income youngsters who go to camp, as well as eliminate many others from being able to attend camp. From the outset, there are 17 states that, by state law, would currently be unable to serve non-public camps. We believe the private sector has a strong and viable role in service to the low-income youngster.

(2) We believe there would be a great diversity in eligiblity standards, nutritional guidelines and assistance under the Block Grant plan. Good nutrition does not vary from state to state A child's nutritional needs are a national concern. The state by state regulation would make it doubly difficult for many camps which are physically located in one state but serve clientele from adjoining states. The program deserves a national standard and administration.

We have great concern about the number of local units of national youth serving organizations such as Boy Scouts, YMCA, etc. who have dropped out of this program because of the increased paperwork required by the collection of social security numbers for all adult members of a camper's household. These camps felt the increased cost for meeting these requirements was more than the reimbursement received. The camps that have dropped have most often been camps which have been involving low-income youth as a mainstream segment of a camp population rather than camps exclusively for low-income youngsters. We regret that these opportunities for intercultural and cross-societal experiences have been eliminated for many youngsters.

The American Camping Association supports the value of the Summer Feeding Program and urges this Committee to reauthorize its existence under the present system. We believe that organized camps are a valuable extension of the Child Nutrition Program during the rest of the year. We believe that it is an excellent demonstration of the collaboration of the public and private sector in serving needy children. Make it possible for us to continue to do so.

STATEMENT OF PATRICIA MALTZ, EXECUTIVE DIRECTOR, QUALITY CHILD CARE, MOUND, MN

Patricia Maltz is my name. I am the chief executive officer of Quality Child Care, Inc. I appreciate the opportunity to provide specific information to the members of the Subcommittee on Nutrition. I know that many of you have been very supportive of the issues surrounding family day care and child care in general over the past years. We have appreciated the leadership contributed on behalf of family day care and look forward to the continuing commitment.

As an organization, Quality Child Care is nearing the completion of its 11th year of conducting business. We are a nonprofit, tax-exempt organization that provides services to family day care providers and the children they serve. Among other

things, those services include training, bonus commodity distribution, sponsorship of the Child Care Food Program, administration of employment related day care programs, administration of abuse and neglect intervention programs, and most recently, we have begun an involvement in providing family day care to teenage moms in the state of Illinois through the Ounce of Prevention program.

Our involvement in the sponsorship of the Child Care Food Program for family day care began five years ago in Minnesota. We have grown in our services to our present level which is providing sponsorship to family day care in eight states. Minnesota is our first and largest state. Our smallest state is Connecticut with Texas being our newest state celebrating one year in April. The following chart identifies by state the number of providers we currently serve, the number of children in those homes receiving the benefits of the Child Care Food Program and the monthly reimbursement being paid out to the providers.

State	Number of providers currently served	Number of children	Total monthly reimbursement
Minnesota	3,600	26,800	$567,000
North Dakota	1,000	7,200	151,000
Wisconsin	700	4,400	92,000
Nebraska	540	4,500	105,000
Illinois	800	5,300	127,000
Massachusetts	530	2,700	65,000
Connecticut	450	2,400	60,000
Texas	680	3,800	124,000

As you can see, we currently serve 8,300 family day care providers. These providers serve over 57,000 children on a monthly basis. The average monthly reimbursement is $1.2 million. According to the most recent information that we have been able to gather, we continue to maintain the position of being the largest sponsor of family day care in the nation. The USDA indicates that 63,700 homes are currently participating across the nation. Quality Child Care, Inc. sponsors 13 percent.

I'd like to share our philosophy of sponsoring the Child Care Food Program. We believe that the benefits of the program should not be limited only to those providers residing in densely populated areas, such as Minneapolis, St. Paul, Omaha, Chicago or Minot. We believe we have a responsibility to serve providers throughout entire states. As a result, our services are available border to border in every state we operate in. The only exception is in Wisconsin where another sponsor was already serving 12 counties. We agreed not to actively outreach in those 12 counties but serve the remaining counties in the state of Wisconsin. While this philosophy is costly in terms of use of limited administrative dollars in a time of ever increasing administrative burdens, we are committed to responding to the needs of children in family day care across all areas of a state.

In addition to the sponsorship of the Child Care Food Program for family day care providers, another key component related to the Child Care Food Program is the distribution of the bonus commodities—primarily butter and cheese and occasionally honey and other periodically selected bonus items. We have been distributing the butter and cheese throughout all of our states for about a year. We have found the responsiveness of children and providers to the program has been overwhelming. An average of 85 percent of our providers participate in the bonus commodity distribution program. A side note: I recently visited with a QCCI field staff person in one of the agricultural areas of Minnesota. As we passed the local implemented dealer, she shared with me that children frequently ask her during her visits to the family day care homes when they will get some more of that "John Deere cheese!"

Our history with the Child Care Food Program began in 1978. Quality Child Care has administered the Child Care Food Program under both the income eligibility requirements that existed prior to May of 1980 and according to the current food program regulations. As a result, we feel that we are in a position to provide some insight into the distinct differences between the two methods of delivery. We are also in a position to evaluate potential changes that I know all of you have been asked on occasion to consider.

Before we get into a specific discussion of the means test issue, I would like to talk about family day care in the broader sense. Prior to my accepting the position of executive director and subsequently chief executive officer of Quality Child Care, I cared for children in my home as a licensed family day care provider in the state of Minnesota. I provided this care for a period of three years. During that time, the

number of children that I cared for were five preschoolers including my own two preschoolers and two school-age children, one who attended kindergarten and the other first grade. As I am now in the 13th year of my professional career in the field of family day care, I believe that I can offer several things. A historical perspective of family day care, views of providers I meet and work with on a very regular basis, plus a focus on the national policy of child care and the role that family day care plays.

Family day care has and always will be the major care provider of children in this nation. My statement is based on the definition of family day care as being the individual who cares for children from more than one family while the parents are at work or school. My definition does not include a requirement that providers be regulated. National studies indicate that for every family care provider who is regulated in some manner by state regulations or federal certification there are six to ten individuals who are not regulated. While we have made some inroads into the regulation of caregivers, we are a long way from full regulation of this service in the United States today. Family day care is truly a service industry in this nation. What it has to sell to parents is flexibility in providing care for their children, newborn to generally age 10 and often age 12. Parents, be they single heads of households or not, need care for their children so they can support their family.

There are many dimensions to the service of family day care. They include flexibility of times that family day care is available; the willingness of family day care providers to serve lunch twice every day when they agree to care for two kindergarten children, one who attends morning kindergarten and one who attends afternoon kindergarten; and providing care for the child who comes early in the morning, eats breakfast, goes off to school and returns after the school day, has a snack and is supervised during the remainder of the afternoon until the parents arrive back from work. Additionally, that provider cares for that school-age child full-time on any school holidays and in Minnesota on any snow days, plus often cares for that child during the summer when full-time care is again required. Many providers do the basic toilet training for children when they are ready. Providers tell me they also train the parents. They provide the opportunity for learning various skills that are appropriate for the ages of the children, i.e. large and small motor, cognitive, conceptual, language. Many providers work with children who have learning disabilities. Many providers give basic parenting education to first-time parents who do not have another support group such as extended family members to help them in the very important job of parenting.

Family day care's role is also changing. We see the movement towards more specialized situations occurring in family day care. Parents need assistance in numerous areas and this service industry is responding. Family day care providers will assist with hair cuts, kindergarten shots and first visits to dentists. As parents across the nation have ever-increasing demands made on their time, they will reprioritize how they use their time with their children.

As we move through the 80s and into the 90s, family day care will continue to play an ever-increasing valuable role in how this nation cares for its children. We see increasing numbers of single-parent families. We see increasing demand for child care service. The combination of these items is going to put a continued stress on family day care in being responsive in its services, but more importantly on who will enter the profession of family day care. The question becomes, "What incentives are there for me to choose to be a family day care provider?" As an organization, Quality Child Care will be competing with the many other occupations in this nation for our shrinking pool of available workers. We are on the cutting edge of making decisions about what enhancements need to be available in family day care to invite people into the career of caring for children. All of us in this room have a very serious reponsibility to be considering the question of "Who's going to care for our children?" This is particularly important as we struggle to remain economically healthy as a nation based on our ability to produce, be it industrial, be it information, be it services. That success will be directly tied to our ability to care for our children. Family day care is the key.

In terms of the day-to-day activities of family day care, providers generally care for three to five children. They often begin work between 6:00 and 6:30 a.m. The day officially ends, in terms of their relationship with the children, between 5:30 and 6:00 p.m. That does not mean the end of the family day care duties as there is always washing to be done, food to be prepared, bathroom toilets to be cleaned and a house to be picked up. A provider's Saturdays' are spent buying groceries and replenishing any supplies, such as paper and crayons and those kinds of things, and watching for good buys at garage sales for toys. Occasionally you are off at a workshop getting some additional training in the areas of how to communicate with par-

ents or good nutrition or program activities or how kids learn. I know of no other industry where the long hours put in by providers is the standard for people in the industry.

How do we maintain a strong family day care network? It's important to explore why people enter family day care. When people choose to begin a career in family day care, it's often made for very different reasons than what you and I might think. My personal experience is that the reason I become a family day care provider is I had a baby, and my girlfriend up the street also had a baby. She needed someone to care for her child. She knew how to type and I didn't. I agreed to take care of her child as long as I was going to be home with my own. Additionally, I had a three-year-old son who needed playmates. I thought, "Well, as long as I'm going to be here with two babies, I might as well have a playmate or two for my son, and I'll earn a little extra money to help supplement my family income." This story is similar to the reasons that I hear time and time again of why providers care for children. This is why the majority of nonregulated family day care occurs in this nation and will continue to occur. These individuals do not pay taxes on their family day care income, have access to information and training on child care and are not inspected for health and safety.

How do providers get into a regulated system? It doesn't happen easily. We have learned from experience most people's reaction to being licensed or registered is "I don't want the welfare department in my home." The next reaction is, "I make parents pay in cash because I don't want to pay taxes." Parents in these homes are denied access to the dependent care tax credit as they won't have any care if they report the credit. These two reasons represent why people choose to stay outside of any regulatory system. In 1978 when Quality Child Care began the Child Care Food Program in the state of Minnesota, we had had five years' experience in the Minnesota child care community. during that time, several significant actions occurred that affected family day care. First was a revision of the regulations for family day care. The other was an appropriation of state tax dollars to develop more day care as we were experiencing a shortage in day care facilities. Remember, only 10 to 20 percent of those actually doing family day care were regulated. The result of those two actions was a slight increase from about 5,000 to 6,000 family day care providers in the state of Minnesota over the three-year period. As we began the the Child Care Food Program sponsorship for family day care some very interesting things happened. People who otherwise had not been involved in licensing began to enter the roles. In 1978 we had a slight growth in the number of providers from about 6,000 to a little over 6,500. Today, in Minnesota there are over 9,000 family day care providers. When I would get calls from the state director of licensing with statements like, "We had a 300 precent increase in the number of requests for licensure in a particular county—I wonder what's going on," I did not mention the benefits of the Child Care Food Program; however, I knew from my field staff that the reason people were getting licensed was because they would then have access to the financial support of the Child Care Food Program. It has been the primary incentive for people to become part of a regulated system. Other incentives include the ability to deduct your business expenses for income tax purposes. You must be meeting states law to deduct your family day care expenses. You must declare your income whether or not you are meeting the law. The other reasons for providers to be licensed is access to group liability insurance programs to cover the exposures incurred while caring for children in their home. As you can well imagine, the liability exposure of conducting a business of caring for small children in your personal home is great. The insurance companies are very hesistant to do so becaue it is a private residence, children are involved, and there is no monitoring by outside agencies. When you are part of a regulated system, you have access to group policies at a reasonable cost. The Child Care Food Program combined with the bonus commodities, the income tax ability and the insurance availability have become the three major reasons for an individual who cares for children in his/her home to move into the system and stop operating underground. Other benefits occur when caregivers move from "undergound" into the regulated group. The key to achieving economic stability of this nation is that parents who need care can find people who care for childen. A young parent in a new community does not know where to find child care for his/her infant. Family day care is the care provider for infants and toddlers in this nation. If it's underground, you can't find it. When it's part of the system, we, at least, know where to refer parents. The second major societal benefit is that family day care providers who are regulated provide a much safer environment for children. This occurs because generally inspections are made of the facilities, providers receive training on health and safety for their day care children and providers are more aware of the needs of children.

Senators, thus far I've shared my knowledge on the subject of family day care. As perhaps you've gathered, I believe family day care plays a major role in the future of our nation. It's important to recognize the cost of child care paid by the parents. With an average cost of $35.00 per week, within our sponsorship, parents pay a child care bill of approximately $7,980,000 every four weeks.

I would like to now direct my comments to the issue of reinstating a means test for children in family day care. I would like to state clearly that I do not support the reinstating of a means test for family day care. Philosophically, I understand the desire to target federal support to the most needy; in practical terms, the concept is unworkable. Congress has spent the last eight years conveying a message to family day care that it supports it as a primary means of caring for children. This was done in the 1976 Tax Reform Act where family day care was given the only exemption from the Exclusive Use Rule for a business in the home. The message repeated itself in the 1978 reauthorization of the Child Care Food Program where the elimination of the means test occurred, the funding of start-up costs for new sponsors and the mandate to states to outreach extensively to family day care. Again in 1981, with the effort to reduce federal funding of the CCFP, leadership occurred on this very committee to continue to support family day care. Recognizing the tremendous burden of paperwork that accompanies such a test, this committee limited the number of meals which could be claimed and implemented the means test only for providers own children if a provider wished to claim their meals.

These efforts constitute significant statements of support to family day care. To move to a means test today delivers one message—loud and clear. Family day care, we no longer support you are the children you care for. I have a difficult time believing that you want to advocate this position.

I would like to share what I perceive the impact of the means tests on providers. I continually hear from providers:

(1) I won't ask my parents to tell me what they earn.

(2) I'm embarrassed to ask my parents to tell me this, so I'll drop the program.

(3) My parents work hard and can't afford to pay me more.

(4) If I ask them to fill this out, they will think I'm on a welfare program.

(5) There's too much paperwork for the money.

(6) The sponsor has to spend so much to administer this paperwork that they can't send me much for food.

As a sponsor, I hear:

(1) The costs of processing the papers, including the certification checks each month are too much.

(2) It takes 25 days to process this for 1,500 providers even with a computer.

(3) We never know from one month to the next if we'll serve enough low income kids in our homes to cover our administrative costs.

(4) We can only serve towns and cities because it costs too much to sponsor a home in a rural area.

(5) Kids move in and out of family day care more often than in schools or centers so the paperwork burden is even greater.

(6) It's hard to tell providers we can't pay them a greater share of the meal reimbursement as the administrative costs are so great.

(7) This is the only program we have so we'll have to go out of business as there's not enough low income kids in FDC close to us to cover all the administrative costs.

NOTE. This program for family day care has created over 600 groups that specifically sponsor homes. This was in direct response to Congress' desire to have FDC served. It is generally the only significant program the group offers.

(8) It's good business practice to plan for the future—with a means test a sponsor does not know until 30 days after the end of a month whether or not the costs of administration will be covered. If the costs are not, it's already too late to do something; secondly, you are now through a second 30 day period of incurring costs; and, finally, losses cannot, under Child Care Food Program regulations, be carried forward.

I've been asked specifically to speak to the issue of patterning benefits of the Child Care Food Program for family day care after the area designations used in summer food programs. In reviewing the locations of the homes in the states we serve, I believe that this targeting would be of very little benefit. This is based on the fact that Minnesota, North Dakota, Nebraska, Wisconsin, Illinois and much of Texas have large geographic areas, not densely populated, but still containing children who need care. There may be a specific precinct area of Minneapolis, St. Paul, Milwaukee or Omaha that would meet the summer food area designation criteria. However, these do not represent the areas where the majority of children in family day care are located. Chicago, Houston, Dallas and San Antonio may have several

areas within the city limits that qualify; but, again, lots of kids are in care outside those areas. In our east coast states, the alignment with summer funding works slightly better. However, we serve all parts of Massachusetts and Connecticut, including the less populated areas.

I do not believe that aligning the Child Care Food Program with the summer funding program areas provides a compromise to a total means test approach. I do believe it would lead to more confusion and apathy. The message given in this approach is that you need to live here to have access to this program. It speaks to a move to the ghettos for low income families. Furthermore, historically, federal money that has been targeted to these areas has gone to day care centers and not homes; therefore, more children are placed in center care because they are or have been more heavily subsidized. And, particularly children from low income families because they get free child care—something which is most often not available to parents in family day care.

I would like to close with the following thoughts:

Family Day Care is the child care provider of this nation.

You, in your Congressional role have provided solid, practical support to family day care for the past eight years.

Maintain that solid position in support of a service industry you have built and which has delivered on behalf of children. Do not implement a means test for the children of family day care.

Thank you for your leadership and support.

STATEMENT OF ANITA ELLIS, ASSISTANT DIRECTOR, WEST VIRGINIA NET PROGRAM AND MEMBER, SOCIETY FOR NUTRITION EDUCATION

Mr. Chairman, Members of the Subcommittee: I am Anita Ellis, Assistant Director of the Nutrition Education and Training (NET) Program for West Virginia. I appreciate the opportunity to speak with you today on behalf of the Society for Nutrition Education (SNE), a professional organization of nutrition educators, of which I am a long time member and on whose Public Policy Advisory Council (PPAC) I currently serve. SNE has made the continuation and adequate funding of the NET Program one of its highest priorities. I am also a member of two other professional organizations that actively support the continuation of the NET Program—the American School Food Service Association (ASFSA) and the American Home Economic Association (AHEA).

I want to begin by thanking you for the opportunity to testify on behalf of SNE as well as the children, parents, teachers, school administrators, and food service personnel participating in the West Virginia NET Program. I also want to express the Society's appreciation for the leadership and support which the members of this subcommittee have given to the child nutrition programs over the years.

SNE has a long history of involvement with the NET Program dating back to the original nutrition education bill. Since that time, SNE has strongly supported the continuation and adequate funding of the NET Program. The basis of my comments today come from SNE membership resolutions, and SNE Board of Directors policies/position papers. In my testimony today I want to tell you about the strengths of the NET Program, what it has accomplished to date and what its needs are for the future.

As you know, the NET Program came into existence in 1977 as an amendment to the Child Nutrition Act of 1966 (PL 95-166). The goals of the program as established by law include: (1) instructing students with regard to the nutritional value of foods and the relationship between food and human health; (2) training school food service personnel in the principles and practices of food service management; (3) instructing teachers in sound principles of nutrition education; and (4) developing and using classroom materials and curricula. Thus, the NET Program is much more than mere curriculum development as claimed by the Administration in its FY 1985 budget proposal (the Administration stated that the NET Program should be terminated because "this program's objective-curricula development—has been accomplished).

The NET Program is important because it is the first nationwide effort to provide nutrition education in the school system. Its elimination will result in a situation where nutrition education is once again a hit or miss part of the school curriculum. More importantly, however, is the fact that NET not only teaches the concepts of food as it relates to nutrition, but actually puts these concepts into practice in the lunchroom, thereby turning the school cafeteria into a nutrition learning center.

The NET Program is equally important in that it provides for the training of the food service worker and thereby helps to improve school meal management overall. With the decreased funding for the Child Nutrition Programs it becomes more important than ever that the food service worker be adequately trained in nutrition and food service management. Moreover, by teaching the food service worker the principles of nutrition and food preparation techniques the program helps to improve the nutritional value and food quality of the meals served in the school cafeteria and thereby reduce plate waste.

NET is also important as a cost savings measure because it can ultimately decrease health care costs. Education of school age children is thought to be the most cost-efficient way in which to develop a nutritionally informed population since lifetime food habits are established at an early age. Thus, NET is an investment in a person for a lifetime; it offers tools for making appropriate food choices long after a student moves from the classroom into the world where he or she must decide what to purchases for the family in the grocery store or order from a menu in a restaurant. By teaching wise food choices early in life, the program helps to minimize future health care costs resulting from poor dietary choices. In a country where six of the ten leading causes of death are linked to diet, and dental caries and iron deficiency plague much of the school age population, this is an important consideration.

One final point worth noting is that NET utilizes the strengths not only of the federal government, but also of each of the individual states. The federal component offers cost-saving advantages by helping to ensure that success stories, materials and nutrition education programs are disseminated throughout the country, and thus, one program benefits from the experiences of others. At the same time, however, administering the program through state agencies has provided each state with an assessment of the nutrition education needs of its students, teachers and school food service personnel, and thus allowed the program to be tailored to meet local needs. Additionally, NET acts as a catalyst for a lot of nutrition education activity in the states that would otherwise not occur. It should be noted, however, that the numerous fiscal constraints faced by the states today makes it impossible for them to take on full responsibility for nutrition education.

NET is currently operating in 54 states and territories and has reached over 19,072,282 students, 619,568 teachers and 351,748 food service personnel with nutrition education information. Additionally, many states have been able to provide nutrition education information to parents, nurses, dentists coaches, principals, superintendents and school business managers as well. Each of these individuals can play an important role in reaching children with nutrition education.

Since its inception the NET Program has met with success. An independent program evaluation funded by USDA and conducted by Abt Associates, Inc. in 1981 found that even in the initial years NET Programs were functioning well and that program activities were having a positive impact on nutrition knowledge and food preferences of children. The GAO Report entitled "What Can Be Done to Improve Nutrition Education Efforts in the Schools?" compiled in May, 1982 by the General Accounting Office for the Administration, likewise supported the importance and cost-effectiveness of nutrition education in general and the NET Program in particular. The NET Program was cited as an effective way to implement a much needed educational program. Evaluations of the NET Program in the various states have found equally impressive results including:

Decrease in plate waste e.g., Arkansas noted that plate waste had decreased by 45 percent.

Increase in school lunch participation e.g., Ohio found that school lunch participation was 7-8 percent higher in NET schools compared to non-NET schools.

Increase in nutrition knowledge among students, teachers and school food service personnel e.g., Tennessee teachers and school food service personnel showed a significant mean gain in nutrition knowledge while elementary children scored higher on nutrition knowledge than their peers who were not involved in the NET Program.

Change in nutrition practices among students, teachers and school food service personnel e.g., California found that food choices among students improved 21 percent; Oregon noted reductions in the fat and sugar content of school meals, and Arizona reported an increase in the willingness of NET children to try new foods.

Change in attitude toward nutrition among students, teachers and food service personnel e.g., California reported students' attitudes about nutrition improved by 5 percent and Washington state reported improved communication among food service personnel, principals, teachers and students.

Increase in parent involvement in nutrition education activities e.g., Florida reported an increase in parent involvement in the school lunch program.

Additionally, a wide variety of nutrition education projects, many of which utilize innovative techniques, have been initiated to reach the groups targeted by law including:

Training seminars, workshops and conferences providing teachers and food service personnel in schools and day care centers with nutrition information.

College level nutrition courses for teachers and food service personnel.

Mass media nutrition education programs for students, teachers, food service personnel and the general public.

Nutrition education resource centers.

Curriculum development which integrates nutrition education in all subject areas.

Development and dissemination of nutrition education materials that have practical application in the classroom. As you can see, the NET Program encompasses much more than mere curriculum development. Moreover, it is important to realize that nutrition education is not a static discipline and therefore, there is a continuous need to develop new materials to meet emerging needs. Furthermore, curriculum development without training of teachers in how to use the materials will result in the materials merely sitting on a shelf. The effectiveness of nutrition education is dependent upon the classroom teacher possessing basic useable nutrition knowledge as well as the techniques and tools necessary to motivate children to make informed food choices.

Unfortunately, the progress made by the NET Program thus far is threatened by the continual decrease in program funding. Over the years NET funding has decreased as follows: FY 78 & 79 —$26 million, FY 80 —$20 million, FY 81 —$15 million, FY 82 to present —$5 million. Thus, originally funded at a level of 50 cents per child, this went down to 30 cents per child in 1980 and down to 10 cents per child in 1982 where it remains today. This decrease in funding has meant that fewer teachers, school food service personnel and students are being reached with nutrition information. States have had to substantially decrease program activities and change program focuses. Additionally, in states carrying out multi-year projects, there has sometimes been no money available to finish off the projects. Finally, for the past three years a lack of cash flow due to funds not being forwarded in a timely manner under the continuing resolution has created severe problems for NET Program administrators. Given the tremendous need for nutrition education information as evidenced by the states' needs assessment, the limited funding is indeed a major short coming of the NET Program. Additionally, USDA has recently amended the regulations to allow states the option of appointing part-time nutrition education coordinators, citing funding constraints as the rationale for the change. However, given the responsibilities of the state coordinator which include preparing comprehensive state plans and coordinating the nutrition education programs for all the groups targeted by law, it seems unlikely if not impossible that a part-time coordinator would be able to fulfill these responsibilities. The program's success is also threatened by the fact that for the past few years the Administration has recommended $0 funding for the program. It is difficult to maintain on-going programs and to develop long-range plans when the program's very existence is in question.

SNE is asking that you and the members of this subcommittee support the continuation of the NET Program. Although we would like to see the program fully funded at the original level of 50 cents per child, SNE is not insensitive to the need for budgetary restraints and therefore we are asking for a minimum of $10 million for now. We recognize that this level is slightly higher than the $8 million included under S. 1913, but this small increase in funding would have a beneficial effect on the program by allowing for greater outreach and program activities. It would also enable states to pay full-time coordinators, a necessity for a strong NET Program. Therefore, we ask that you give serious consideration to funding the program at $10 million. Because NET was set up to serve all segments of the school age population (the authors of the original NET legislation were aware that all children need nutrition education—no matter what their income level) we would like to see the current statutory funding formula used as the basis for distribution of any increase in NET funding. SNE also strongly supports the permanent authorization of the program as provided for under S. 1913. This would greatly facilitate the continuation of on-going programs and the development of long-range plans.

The NET Program enjoys wide support within the child nutrition community. Moreover, it has many of the characteristics advocated by the Administration—it is cost-effective, it is based on the needs of each individual state, and it fosters individual responsibility for health. The program has done much in its short existence, but much remains to be done. NET has reached only a small proportion of the intended audience. To eliminate it now means that many children, teachers and school food service personnel will not be provided with nutrition education information. Contin-

ued support and increased funding for this program is a small, but far reaching investment in the future of the nation's children.

Thank you for your time and concern.

APRIL 4, 1984 HEARING

STATEMENT OF HON. WALTER D. HUDDLESTON,
A U.S. SENATOR FROM KENTUCKY

Today's hearing will be focusing on a matter of great concern to me--the future of the school lunch and other child nutrition programs.

The 1980 and 1981 budget cuts to the school lunch and child nutrition programs totalled $1.5 billion. Unfortunately, a portion of the savings have been realized by penalizing the children of the working poor who cannot afford to do without the benefit of the programs since there is no other safety net for them.

S. 1913 is a modest response to a deplorable situation--the high dropout rate in the reduced-price categories of the school lunch and breakfast programs. Approximately 400,000 children who once were receiving reduced-price meals are no longer participating in the school lunch and breakfast programs. In addition, children were forced from the free category to the reduced-price category because the income eligibility levels were changed for free meals. Moving from free to reduced-price meals was particularly devastating for these children because their cost of a meal went from free to 40 cents. For a family on a tight budget and with several children, additional annual expenses of hundreds of dollars are a severe burden. Congress can remedy this situation and make other needed improvements in these programs by adding back only 10 percent of the total $1.5 billion saved.

Although I am encouarged that 52 Senators are supporting my bill, I am perplexed that critics are charging that the beneficiaries of my bill are so-called nonneedy children. The fact is, these are children from families that may not be eligible for food stamps or other welfare programs but whose income may be as low as $12,871 for a family of four. I would not for a moment assume that a family of four with an annual income of $12,871, before taxes, is having an easy time trying to make ends meet.

Critics have also pointed out that only 30 percent of the additional benefits provided under my bill are targeted to children from families whose incomes are below $12,870 per year. I would point out that the 1981 Reconciliation Act did not cut the subsidies for free meals. Therefore, the major program changes needed are to assist those families with low incomes in the $12,871 to $18,315 range.

The simple fact is that the children who should be helped now are those who were hurt the most by the budget cuts. It is obvious, based on the drop in participation, that the increased price for a lunch or a breakfast is difficult to meet for many of the families with limited incomes.

The status quo for these programs is preferable to the additional budget cuts that some have proposed, but that is not much of a choice. It already appears that Congress' past actions may

have been penny wise and pound foolish. However, now that we know what effects these budget cuts have had on our Nation's children, I believe we are duty-bound to correct the inequities.

S. 1913 has been carefully targeted to make restorations that are absolutely essential and make other important improvements that this Committee and Congress should be addressing.

In the last 6 months, the House passed comparable legislation to S. 1913 on more than one occasion. Like S. 1913, the House legislation--H.R. 4091--awaits the Senate's consideration. In addition, the House Education and Labor Committee has reported H.R. 7, which includes the provisions of H.R. 4091 and reauthorization of those child nutrition programs that are due to expire at the end of this fiscal year.

I hope, Mr. Chairman, that the Committee will see fit to make the modest restorations and those improvements that are contained in my bill during the reauthorization process of the child nutrition programs.

I look forward to hearing testimony from today's witnesses.

STATEMENT OF HON. BOB DOLE,
A U.S. SENATOR FROM KANSAS

Mr. Chairman, this hearing represents yet another part of the series of Subcommittee and full Committee hearings that are occurring in conjunction with the reauthorization of the child nutrition programs this year.

Subcommittee Hearing

On Monday, March 12, the Subcommittee on Nutrition held a hearing to address various issues concerning the school lunch, school breakfast, child care food and summer feeding programs, along with nutrition education and training. The testimony that was presented to the Subcommittee was very informative and will help us to make policy decisions later this year with regard to the child nutrition programs as a whole.

One of the issues that was explored in the course of this previous hearing was the impact of 1981 changes in the reduced-price category of the school lunch program. There are those who claim that we went too far in raising the price of this type of lunch from 20 cents to 40 cents, and that consequently, near-poor children have dropped out of the program. But there are also those who say that 40 cents is a reasonable price to charge for a lunch, given that the price remained so low for so many years previously. I think this issue probably requires some further evaluation.

Reauthorization Process

This year, we will have an opportunity to take a close look at all of the child nutrition programs once again, although technically, only the nonentitlement programs are up for reauthorization. These programs are the special supplmental food program for women, infants, and children (WIC), the summer food service program, nutrition education and training, State administrative expenses, and the authority for section 32 commodities.

1981 Reconciliation

During the reconciliation process of 1981, Congress enacted a lot of changes in the school lunch, school breakfast, child care, and summer food programs. After a period of program stability, we can now look back to see how these changes have affected the programs in question. It is my belief that the changes we made helped to improve the targeting of benefits, and, in some instances, eliminated abuses that were in practices. Some program directors will actually admit that these changes made them improve their programs.

At the Subcommittee hearing on March 12, Sharon Evans, the food service director for Kansas City, Kansas, stated:

"Facing those cuts was no easy task. It was tough and difficult and scary. Tough for employees who had no job security for 8 months. It was difficult to reduce the force, to establish productivity standards, to detail work schedules, to evaluate staff assignments and to evaluate serving techniques. It was scary facing the uncertainty of unknown reimbursement rates. But we did survive and our programs are stronger."

These budget reductions that were enacted in 1981 for the child nutrition programs totalled $1.3 billion, but they received bipartisan support in the Congress for slowing the growth of these programs. We should not retreat from spending reductions unless some signficant harm has been caused by our previous actions. Apparently, this is a matter for some debate.

Current Legislation

I am aware of two bills currently pending before this Committee: S. 1913, the Huddleston-Cochran bill, and its counterpart, H.R. 4091. Although I disagree with the way in which most of the benefits are targeted in both of these bills, I think the issues they raise should be given a fair hearing in this Committee. The Federal Government is now operating in a fiscal climate that demands we be certain nutrition program funds are being targeted effectively to low-income children.

As the CBO evaluations reveal, both S. 1913 and H.R. 4091 would direct over 70 percent of their benefits to children from families above 130 percent of poverty, which defines low-income eligibility for the food stamp school lunch, and breakfast programs.

Although there are some who would say that we should feed all American children regardless of income status, there comes a point when the question must be raised as to who should pay for feeding of these children. It is certainly not inequitable to expect parents to contribute to their children's school lunches to the extent that they are capable of paying something.

New Direction for Child Nutrition

Aside from the smaller debates over limited funding restorations for various child nutrition programs, I think the time has come to examine the direction in which many of the child nutrition programs are headed. The American School Food Service Association has suggested a new direction for the school lunch program -- a self-financed universal lunch program, which I believe has some merit as a policy option. However, I do not think that we are at a stage in the development of these programs where we could implement such a plan. Instead, a feasibility study might be appropriate at this time, but this kind of debate is most welcome.

During the time I served as a Member of the Select Committee on Nutrition, and now, as the current Chairman of the Subcommittee on Nutrition, I have consistently been a strong supporter of the child nutrition programs. Just because I happen to be in disagreement over some policy issues involved in pending legislation does not, and should not, erode the long-standing support that I have manifested for these programs. Nothing has changed my commitment to these programs or my belief that the Federal Government should maintain its leadership role in the nutrition program area.

[The following material was inserted by Senator Helms:]

(The President's Task Force on Food Assistance issued its report examining Federal food assistance programs on January 18, 1984. Excerpts from the task force report dealing with Federal child nutrition programs are reprinted here.)

REPORT OF THE PRESIDENT'S TASK FORCE ON FOOD ASSISTANCE

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III. FEDERAL FOOD ASSISTANCE PROGRAMS

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B. Child Nutrition Programs

Each of the child nutrition programs—the National School Lunch Program, School Breakfast Program, Child Care Feeding Program, Summer Feeding Program, and the Special Milk Program—offers children, especially low-income children, the opportunity to partake of meals prepared away from their homes. Their stated purpose is to provide nutritional supplementation to a presumably vulnerable group. School feeding programs are intended to contribute to a healthy environment within which learning opportunities for the children will be enhanced. It should be noted that the nutritional well-being of low-income children is often insured to a greater extent than would be statistically apparent because participation in child nutrition programs is not offset in the calculation of food stamp benefits. For exam-

ple, the overlap between the receipt of food stamps and free school lunches has been valued at more than $500 million annually.

The child nutrition programs include:

School Lunch Program.—As discussed earlier, about one-half of all school children eat school lunches. The school lunch program provides cash subsidies and commodities to public and private schools to make low-priced and nutritional lunches available to all students. All lunches, including full-price lunches, are subsidized to some degree. Students in households with incomes below 185 percent of poverty ($18,315 for a family of four in 1983) qualify for reduced-price lunches, which by federal law can cost no more than $.40. Students in households below 130 percent of poverty qualify for free lunches.

School Breakfast Program.—Just as in the School Lunch Program, breakfast subsidies are provided for free, reduced price, and paid meals. Subsidies take the form or both cash and commodities. Schools where more than 40 percent of meals are free or reduced-priced qualify as having "severe need" and receive extra reimbursements.

Child Care Food Program.—Subsidy rates and eligibility criteria for the day care center program parallel those of the school lunch and breakfast programs. In the day-care home program, virtually all meals are served free, regardless of family income.

Summer Food Program.—These neighborhood programs operate in areas where more than 50 percent of school lunches are free or reduced price. Summer camp programs also provide subsidized meals for camps serving low income children.

1. Effects of the Omnibus Budget Reconciliation Act.—The Task Force is concerned about claims that the Omnibus Budget Reconciliation Act had impaired the child nutrition programs and that the programs have become less widely available to those who require them. The most important of the child nutrition programs is the National School Lunch Program. The Omnibus Budget Reconciliation Act of 1981 implemented important changes in this program which reduced the subsidy rates per meal for the full-price and reduced-price lunches, eliminated the earned income deduction for determining eligibility, and increased the maximum charge on reduced-price meals. The income cutoff between reduced-price and full-price lunches was lowered from 195 percent to 185 percent of the poverty line and the cutoff point between free and reduced-price lunches was raised from 125 to 130 percent of the poverty line. Deductions used in determining income were also limited. Parallel changes in subsidy rates and eligibility were made in the School Breakfast and Day Care Center Programs.** These changes generally resulted in increases in lunch prices for students in the paid and reduced-price category. Results of an analysis of Current Population Survey data similar to that reported for food stamps indicate that the OBRA changes have not reduced the receipt of free and reduced-price school lunches within the poverty population. Participation in the full-price school lunch program among higher income families has dropped, however, partially in response to the decreased subsidization and higher prices of these meals:

SCHOOL LUNCH PARTICIPATION RATIOS

	1979	1980	1981	1982
Percentage of families [1] receiving free or reduced price school lunches:				
Income below 100 percent poverty threshold	57.2	59.9	57.9	61.0
Percentage of families [1] receiving full price school lunches:				
Income greater than 185 percent poverty threshold	56.3	53.1	51.7	48.3

[1] Families with children 5–18 years of age.

Source: Special tabulations from March CPS.

These findings are consistent with the testimony we heard indicating that increases in prices reduce the number of children that buy school lunches.

A recent study found that families do not reduce their food expenditures when their children participate in the program. Thus, a dollar expended in the School Lunch Program results in a larger increase in food consumption than, for example, a dollar expended through the Food Stamp Program. Studies also indicate that school lunches have a positive impact on nutritional intake. The nutritional benefits

**The Congressional Budget Office estimates that the changes in the child nutrition program implemented in 1981 resulted in savings of $5 billion over the period 1982–1985.

to students who participate in the School Breakfast Program, however, are less certain.

Although the School Lunch Program appears to make a positive contribution to the intakes of many children, there is no evidence that this results in improved growth. Studies show that long-term participants in the School Lunch Program do not achieve greater weight than non-participants; however, they are somewhat heavier for their age than non-participants, especially among older children. In contrast, there are no discernible effects of the School Breakfast Program on either height-for-age or weight-for-height measures.

Eligibility for subsidized child care center meals was tightened in parallel with the changes made in the school lunch and school breakfast programs in 1981. Thus, children in poverty households continue to be eligible for free meals in this program, but subsidy rates have been reduced for children in higher-income households. In addition, the maximum number of subsidized meals was reduced from three per day (plus snack) to two per day (plus snack) per child. As a result of these changes, meals served in child care centers reached a peak in 1981 and declined about seven percent between 1981 and 1983. Available studies indicate that the nutritional quality of meals and snacks offered by participating centers is higher than those offered in non-participating centers.

In contrast to the day care center program, the child care home program, which provides subsidies for free meals served in day care homes, has continued to expand. The number of meals served was six percent higher in 1983 than in 1981. One problem with the day care program, however, is that its benefits are poorly targeted. There is no means-testing in this program because of excessive administrative costs that would be required to verify income in these homes, which often have only a handful of participants. As a result, it is estimated that more than two-thirds of the participants have incomes in excess of 185% of the poverty line. Thus, the program essentially subsidizes private home day care for non-poor families. Day care centers, on the other hand, have more low-income participants—many in fact are Head Start centers.

The Summer Food Program continues to offer free meals to all children in certain low-income areas. Recent program changes, however, have limited the areas where these meals are served. First, areas eligible for the program have been limited to those in which 50 percent or more of school meals are served free or at reduced prices. Second, the kind of organizations that can sponsor these programs has been restricted. As a result of these changes, between 1981 and 1983 the number of sites where summer meals are served has declined from 21,000 to 15,000—nearly 30 percent—and the number of meals served has declined about 22 percent.

2. Availability and participation.—Each of the child nutrition programs exhibits a marked variation in availability and/or participation across states and even across counties within states. An examination of availability and participation in 14 states indicates that the share of school lunches in the free and reduced price categories varies from 25 percent to 75 percent.* The share of students who have access to school breakfasts varies from eight percent to 80 percent from school to school. The share of students participating in Summer Feeding Programs varies from less than one percent to more than five percent.

In sum, the child nutrition programs continue to provide lower-income children access to nutritional meals outside the home. Free school lunches and breakfasts are still available to children below 130 percent of the poverty line. Free meals in day-care centers and homes continue to be available although the maximum number of meals has been reduced. And free summer meals are still available in many low-income areas, although their availability has been reduced. The major reductions in these programs stem from reductions in subsidies to children from households with incomes above 130 percent of the poverty line.

C. The Special Supplemental Food Program for Women, Infants and Children [WIC]

This program is administered through state public health centers. Its goal is to improve the health of pregnant women, infants and children through food supplementation, monitoring by a health professional, and nutritional education. Eligibility is limited to individuals in households with gross income under 185 percent of the poverty level who are determined to be at nutritional risk by a health professional. The program is available in most but not all counties. Participation requires evidence of nutritional risk but there appears to be substantial variability in what officials believe constitutes evidence of such risk. Such variability inevitably leads to problems in targeting the program to those most in need. WIC is not an entitlement

* See Staff Working Paper, "Overview of Participation Trends."

program so services are provided on a priority basis. The foods provided include fruit juices, fortified cereals, infant formula, eggs and milk.

Eligibility for WIC is determined by states; however, under federal law, states cannot set the eligibility cutoff above the level for reduced-price school meals. Thus, the maximum eligibility limit was reduced when school meal eligibility was tightened in 1981. Nevertheless, funding and participation have continued to grow. In 1983, average participation in WIC equaled roughly 2.5 million individuals and spending for the program totaled roughly $1.1 billion in 1983, an increase of about 18 percent over 1981 levels of participation. Spending increased 27 percent over the same period. (In addition, the CSFP program distributed about $37 million worth of commodities.) Data for 1982 indicate that approximately 22 percent of WIC participants were women, 28 pecent were infants (under one year of age), and 50 percent were children.

The main concern of the WIC program is the health of pregnant women and small children. Food supplementation is used to improve the nutritional status of the unborn fetus and infant children who need special protection. Several studies have been made concerning WIC's impact on pregnancy outcomes but, as yet, there is little professional consensus as to the success of the program in attaining its goals. Supporters of the program interpret available studies as indicating the food supplementation results in substantive, positive effects on various health indicators. Critics claim that there is little credible evidence for these effects, that food supplementation for an already well-nourished population is unlikely to have a substantial impact; and that food supplementation alone cannot increase gestational periods. Critics thus argue that it is implausible that participation will have any effect on such indicators as birthweights, infant mortality, and the growth of children.

It is difficult at present to evaluate fully these claims and counterclaims given the information available. A major reevaluation of the WIC program is now underway under USDA direction that should help clarify matters considerably. This study will address four different and important areas: (1) availability of benefits by region; (2) the effect of WIC benefits on children; (3) the effect of nutritional supplementation on pregnency outcomes; and (4) the extent to which the WIC food package is shared within the family. Results are expected during 1984.

Two conclusions from existing studies of prenatal care are of particular relevance:

There is evidence that nutritional supplementation is beneficial if the mother is underweight at the time of conception; however, it appears to be of little consequence if the mother is already adequately nourished.

There is evidence that proper maternal and behavioral conditions are crucial for the growth of the fetus. For example, smoking, drug and/or alcohol abuse, lack of prenatal care, too low pre-pregnancy weight, too high maternal age, and inadequate weight gain all have negative impacts on pregnancy outcomes.

These studies imply that one of the important benefits of the WIC program could be its ability to persuade women to seek better prenatal care and counseling that they would not or could not otherwise obtain. WIC does not provide medical services but if problems are detected, referrals to suitable clinics are made.

Infant mortality rates have been declining secularly for several decades, but such rates cannot be viewed as a simple index of nutritional status.* Many factors have contributed to this decline including improved medical care and increased avoidance of smoking and alcohol, as well as improved nutrition.

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VI. CONCLUSIONS AND RECOMMENDATIONS

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1. Allow States the option of establishing autonomous food assistance programs

We have become convinced that people in need of food assistance would benefit if the programs or any subset of them were controlled at a more local level, such as the state or county. The gains from such a modification derive from allowing the states (1) more autonomy in allocating funds among the various food assistance programs, (2) greater discretion in administering programs, and (3) greater responsibility for assuring that funds are properly targeted toward those in greatest need. The greater flexibility and improved administration that would be gained would help to increase the benefits available to the truly needy without at the same time increasing the cost to the taxpayer.

Since circumstances of need often vary from state to state and even county to county, substantial efficiency gains could be made if a state were able to take control of food assistance programs. One reason for this is that the proportion of chil-

dren and elderly in the population varies across states. Moreover, the ability and desire of communities to participate in the school breakfast program, the child-care food program, the summer food program, and the elderly food program vary markedly across and within states. In addition, costs of food and other essentials, such as energy, also vary across and within states, which means that benefit and eligibility levels ought to be allowed to vary as well. Thus the Task Force believes that recipients of food assistance could benefit by allowing each state to determine the appropriate mix of food assistance programs for its residents, as well as the eligibility requirements for participation in the programs.

Under a system of greater local control, states would be able to adopt more flexible programs targeted at residents who would not necessarily qualify for existing programs. Greater local control would also enhance the possibility of funding for private-sector programs. States or local governments are often better able to identify people and their particular needs than the federal government; yet, under the present system, the federal government must dictate blanket eligibility criteria for all the states. State-run programs by definition also combine liability and responsibility for errors or overpayments. However, some states may find it preferable to continue with some or all of the existing entitlement programs, and for that reason state control should be optional. We offer the following specific recommendations:

Recommendation 1: (i) The Task Force recommends that Congress make participation in any or all existing food assistance programs optional for the states, under the proviso that a state which chooses to operate an autonomous program cannot divert funds for food assistance programs to other uses. States should have the option of, for example, continuing to participate in the Federal Food Stamp Program while establishing autonomous control over all or some of the remaining programs.

(ii) Allocations to states which choose to establish autonomous programs shall be made according to a formula that would provide a predictable level of funding that meets the varying needs for food assistance in these states. This formula shall be based on existing baseline levels of funding and on changes in food costs and the state population in need.

(iii) Provisions shall be made that will safeguard local jurisdictions in states operating autonomous food programs from having to bear an increased share of administrative costs.

A state which chooses to assume control of the food assistance programs would gain the following: (1) it would be free to establish its own eligibility requirements and administrative procedures within bounds set by the Federal government, provided the procedures are not discriminatory (for example programs should not be allowed to discriminate against the homeless); (2) it would be free to determine the allocation of funds among its food assistance programs; (3) it would be allowed to distribute benefits through payments in kind or through cash payments.

Past efforts to increase state control over these programs have suffered from several major drawbacks: (1) In some cases, the level of the grants given to the states was proposed to be below current federal spending levels. The intention of this proposal is to reduce neither program expenditures nor administrative support at the state or local level. Thus, additional costs will not be imposed on the local communities in states that establish optional programs. (2) In previous proposals there was no guarantee of a future federal commitment to the funding of the programs based on changes in food costs and the states' varying needs for assistance over the business cycle. (3) States were not given the option of remaining under the existing entitlement system. We have designed our proposal to eliminate these problems.

2. Improve targeting and administration

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Recommendation 2-i: Restrict eligibility for child-care home subsidies to homes in low income areas, for example, to areas where 50 prcent or more of school lunches are served free or at a reduced price. Subsidies for low-income children in other areas can be established on the basis of optional means-testing.

Presently the benefits of this program are not effectively targeted toward lower-income children, and a high proportion of recipient children come from households substantially above the poverty line. Restricting the areas where the program is made available will help target the benefits toward lower income children without introducing the cumbersome administrative requirements associated with imposing a direct income eligibility test for each participant.

Recommendation 2-j: Reauthorize the WIC program at current caseload levels for one year.

The General Accounting Office released a report on March 30, 1984, entitled "Participation In The National School Lunch Program" (GAO/RCED-84-132). The letter summary of that report is printed below.)

U.S. GENERAL ACCOUNTING OFFICE,
Washington, DC.

B-214750.

Hon. JESSE A. HELMS,
Chairman, Committee on Agriculture, Nutrition and Forestry,
U.S. Senate.

DEAR MR. CHAIRMAN: In a letter dated January 30, 1984, you asked us to analyze participation in the National School Lunch Program during the years immediately preceding and following changes to the program made by the Omnibus Reconciliation Act of 1980 (Public Law 96-499) and the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35). The specific changes cited in your letter involved federal reimbursement rates to schools and income eligibility criteria for free and reduced-price meals. You asked us to include information, for fiscal years 1979 through 1983, on the number of students receiving free, reduced-price, and full-price school lunches and the extent to which schools and students have dropped out of the School Lunch Program in recent years.

You also asked us to determine what percentage of eligible children receive free or reduced-price school lunches. We subsequently advised your office that information was not available to make such an analysis. As an alternative, we agreed to compare data on the number of families with eligible children and incomes meeting program eligibility criteria with program expenditure data. At that time, we also agreed to discuss data on School Lunch Program participation reported by the President's Task Force on Food Assistance.

Our analyses were based on available data compiled by the Department of Agriculture's Food and Nutrition Service, the Department of Commerce's Bureau of the Census, and the Department of Education's National Center for Education Statistics. These data do not allow us to isolate the effect of each provision of the acts on program participation. Thus, the information presented in this report reflects the cumulative impact of changes during the 5-year period covered by our analyses. In order to meet the requested issuance date, we did not verify the accuracy of the agency-provided data. As requested, we did not obtain agency comments on this report. A more detailed discussion of our scope and methodology is presented in appendix VI.

The provisions of the 1980 and 1981 reconciliation acts related to income criteria and meal reimbursement rates took effect in January 1981 and in August and September 1981, respectively. The first full fiscal year that all of these provisions were in effect was 1982. Together, the provisions have tightened eligibility criteria for schools and students and decreased federal reimbursement rates for free, reduced-price, and full-price lunches. (See app. I for additional details.)

The results of our analyses are summarized below. The cited appendixes contain additional details.

1. Over the last 5 fiscal years (1979 to 1983), the number of students participating in the School Lunch Program [1] has declined from 27 million to 23.1 million. This decline is primarily attributable to reductions in the number of students eating full-price lunches.

The number of students receiving full-price lunches has declined steadily from 15.3 million in fiscal year 1979 to 11.2 million in fiscal year 1983.

The number of students receiving free lunches in fiscal year 1983 (10.3 million) was greater than in fiscal year 1979 (10 million).

The number of students receiving reduced-price lunches in 1983 (1.6 million) was less than in 1979 (1.7 million).

Together, the number of students receiving free or reduced-price lunches increased between fiscal years 1979 and 1981 (11.7 million to 12.5 million), dropped off in fiscal year 1982 (11.4 million), and increased again in fiscal year 1983 (11.9 million).

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[1] The Department of Agriculture's Food and Nutrition Service receives data on the number of lunches served in various lunch categories (free, reduced-price, and full-price) and mathematically derives the number of students these lunches represent. We used the Service's data on the number of students participating in the School Lunch Program.

As a result, in fiscal year 1982, for the first time in the history of the program, more free and reduced-price lunches (1.883 billion) were served than full-price lunches (1.877 billion).

Additional information is provided in appendix II.

2. The number of schools and student enrollment have dropped both in the nation and in the School Lunch Program.

Nationally, the number of schools and enrolled students has been steadily declining over the past 5 fiscal years—from 109,200 schools and 47.6 million students in 1979 to 106,000 schools and 44.5 million students in 1983. The percent of decline is 2.9 for schools and 6.5 for students.

During this same period, the number of schools participating in the School Lunch Program and the total enrollment of those schools also declined—but at a greater rate than nationally—from 94,300 schools and 44.6 million students in fiscal year 1979 to 90,400 schools and 40.7 million students in fiscal year 1983. The number of schools in the program decreased by 4.1 percent and student enrollment in those schools dropped by 8.7 percent.

The total decline in the number of schools participating in the School Lunch Program in the last 2 fiscal years (1,700 in fiscal year 1982 and 800 in fiscal year 1983) can be attributed to various factors, including (1) net school openings, closings, or consolidations in those years, (2) the provision in the 1981 act which excluded high-tuition private schools from program participation, and (3) schools' decisions to drop out of the program because of changes in income eligibility criteria and federal reimbursement rates made by the 1980 and 1981 acts.

According to a Food and Nutrition Service telephone survey of 872 public school districts in December 1981, school officials cited concerns about federal reimbursement rates and student participation as the main reasons for dropping out of the program in fiscal year 1982. (We did not evaluate the survey methodology or results.)

In fiscal years 1979, 1980, and 1981, an average of 94.1 percent of all students had access to the School Lunch Program; in fiscal years 1982 and 1983, 91.6 percent had access.

In fiscal years 1979, 1980, and 1981, an average of 86.7 percent of all schools participated in the School Lunch Program; in fiscal years 1982 and 1983, about 85.5 percent participated.

Additional information is provided in appendix III.

3. Although the 1980 and 1981 acts tightened eligibility criteria, total federal expenditures for the School Lunch Program were greater in fiscal year 1983 than at any time in the 5-year period except the peak year of fiscal year 1981. During that same period, a greater share of federal School Lunch Program expenditures was used to provide students free lunches. Between 1979 and 1982, the number of families with school-age children and incomes at or below 130 percent of the Office of Management and Budget nonfarm income poverty level (such school children being eligible for a free lunch) increased. The number of families with children eligible for reduced-price lunches also increased, but the number of higher income families decreased. Federal expenditures for reduced-price and full-price lunches decreased.

Overall federal expenditures for the School Lunch Program increased during the first 3 fiscal years ($2.74 billion to $3.29 billion), decreased in fiscal year 1982 to about $2.95 billion, and increased again in fiscal year 1983 to $3.21 billion—almost to the level of the 1981 peak fiscal year.

The number of families with school-age children and incomes at or below 130 percent of the poverty level increased from 5.6 million in calendar year 1979 to 7.2 million in calendar year 1982—the latest year for which such data were available.

The percentage of federal expenditures for free lunches increased every year between fiscal years 1979 (62.6 percent) and 1983 (77.4 percent). In doing so, federal expenditures for free lunches increased from $1.64 billion in fiscal year 1979 to $2 billion in 1981, declined slightly to $1.96 billion in fiscal year 1982, and increased to $2.16 billion in fiscal year 1983.

For other income categories, the number of families with school-age children and incomes from 130 percent up to and including 185 percent of the poverty level (children eligible for a reduced-price lunch) increased from 3.2 million to 3.5 million, and the number of families with incomes over 185 percent (children that would have to pay the full price) decreased from 20.6 million to 18.1 million.

Correspondingly, the percentage of federal expenditures for reduced-price and full-price lunches decreased from 9.5 percent and 27.9 percent, respectively, in fiscal year 1979, to 7.9 percent and 14.7 percent, respectively, in 1983. The dollar amounts decreased from $250 million and $730 million to $220 million and $410 million, respectively.

Additional information is provided in appendix IV.

4. The President's Task Force on Food Assistance—established to examine the extent of hunger in America—has also analyzed School Lunch Program participation. In its January 18, 1984, report, the Task Force concluded that the percentage of families at or below 130 percent of the poverty threshold with school-age children and receiving free or reduced-price lunches remained stable between 1979 and 1982. Its report noted that participation declined for families with higher incomes. We elected to augment the data sources used by the Task Force with Service participation and expenditure data. In general, the Task Force's findings are consistent with the trends we are reporting. (See app. V for additional data.)

The attached appendixes contain tables, figures, and narratives which address in greater detail the matters on which you asked us to provide information. As arranged, unless you publicly announce its contents earlier, we plan no further distribution of this report until 2 days after its issue date. At that time, we will send copies to the Chairman, House Committee on Education and Labor; the Secretary of Agriculture; and the Director, Office of Management and Budget. We also will make copies available to others on request.

Sincerely yours,

J. DEXTER PEACH,
Director.

STATEMENT OF SHARON MONTGOMERY AND NANCY SAUDER, HOME DAY CARE PROVIDERS, GREELEY, CO

We believe that the Day Care Home component and the component for Day Care Centers (that charge a fee for enrollment) of the Child Care Food Program should be eliminated for the following reasons:

(1) The Program is subsidizing child care in for-profit centers and for-profit homes in a manner which not only encourages abuse but spends tax-payer monies in a discriminating fashion.

If the United States Government intends to subsidize child care in America: (a) do it outright rather than through the back door via the School Lunch Act; and/or (b) stop discriminating by having income limitations in day care centers and not day care homes.

In the President's Task Force on Food Assistance Report, it has been "estimated that two-thirds of the participants in home day care program have incomes in excess of 185% of the poverty line. Day care centers, on the other hand, have more low-income participants—many in fact are Head Start centers." (p. 52)

Many day care centers are NOT Head Start Centers but are, in fact, for-profit centers being subsidized under this program by the U.S. government. They do not lower their rates to parents who fall under the income-limitation guidelines in spite of the fact that they are receiving government money to pay for the child's meals. Parents pay day care fees of $50.00 to $90.00 per week to leave their children in these centers.

Why should the Government pay for something the parents are already paying for?

(2) The Day Care Home Component involves Day Care Home Providers. A "home day care provider" is a self-employed businesswoman who takes care of other people's children while the parents are at work. Home Day Care is a for-profit business operated in the woman's home. Parents pay the home day care provider to care for their child while the parent is at work. This fee (ranging from $30.00 to $60.00 per week) includes meals. Parents provide formula and diapers.

(3) The system is open for abuse in the following ways:

(a) It is not possible to keep the day care food separate from the family food.

(b) It encourages waste by discouraging use of left-overs. Providers are made to feel that a new item has to be written on their menu each day.

(c) There is no way to prove the provider is giving the food to the children. She could be using the money for other things.

(4) The number of day care homes on the food program has quadrupled since 1978 and will continue to increase. The figures stated on page 37 of the Committee Print, Child Nutrition Program: Description, History, Issues and Options, are not entirely accurate. It states, "it should also be noted that day care homes participating in the child care food program constitute about 7 to 8% of all existing day care homes."

The are, in our county (Weld County, Colorado) over 350 licensed home day care providers. 95% of them are on the food program. They are encouraged to belong and are actively recruited because "the government owes it to them."

We are not a socialist country. The government "owes" us nothing.

(5) Aside from receiving the following monies from the government:

Breakfast (cents)	52.50
Snack (cents)	30.75
Lunch	$1.03
Snack (cents)	30.75
Supper	$1.03

The home day care provider receives the following commodities free, either monthly or quarterly. Quarterly allotments are: Cheese (American or cheddar) 60 lbs; Honey 15 lbs; Butter 32 lbs; Powdered Milk 50 lbs.,

The day care provider could conceivably serve cheese (received free) as a daily snack and still be paid 30.75 cents per child per day served.

Why should the Government pay twice?

Also, home day care providers who are not on the Child Care Food Program are not allowed to receive these commodities. This is discriminatory, especially when the reason for not being on the food program is because we do not believe it is a good use of tax-payer monies.

6. The majority of Home Day Care involves the birth to age 3 population. Children generally go to centers after age 3 in order to go to preschool. Although the providers are encouraged to serve nutritious meals, they are also encouraged not to be "elaborate." Thus, a day's menu could look like this: Breakfast; cereal with a few banana slices and milk; Snack, carrot sticks; Lunch, macaroni and cheese, carrot and celery sticks, milk.

For each child, the reimbursement would be $1.80; or for 6 children, $11.16. The cheese was provided free (surplus). The cost of the rest of the food was $4.25, leaving a profit of $6.91.

Also, frequent ear infections are common in the 0–3 age range. Milk causes congestion and reoccurrence of ear infections. Because of this, many children are taken off milk until the condition clears up. But, according to the regulations, milk MUST be served at breakfast, lunch, and supper. In order to receive reimbursement for the meal, the provider must state that milk was served when, in truth, it was not served.

7. To save tax-payer monies, eliminating the day care home component will amount to: $110 million in 1984; $120 million in 1985; $130 million in 1986.

8. Eliminating the for-profit day care centers will amount to the following savings: $3 million in 1984; $4 million in 1985; $4 million in 1986.

9. If the Home Day Care Provider isn't making enough money in her business, she can do several things: (1) raise her rates; (2) take a second shift of children; (3) find a different job.

She does not need the U.S. government supplementing her income because, in fact, she earns considerably more than minimum wage.

If the government is going to supplement incomes for home day care providers, then the government should supplement incomes of all women.

In summation, we feel that this program brings an unnecessary burden to the American taxpayer who is already giving you 35% of his gross total income in taxes. In the earlier days of the 60's when this country was rich, it might have seemed like a good program. However, because of programs like this, we now have a trillion dollar deficit. Therefore, it is absurd to keep this program.

STATEMENT OF G.M. SMITH, MCLEAN, VA

Good morning, Mr. Chairman, Members of the Committee, ladies and gentlemen. Thank you for the opportunity to appear before this committee.

I am an appointee to a non-policy making citizen's board that advises the local governing body concerning issues and policies related to child care in Fairfax County, Virginia. As the At-Large appointee to the Child Care Advisory Council, I have become aware of several aspects of governmental policies that I believe are in need of reform. The Child Care Food program (CCFP), authorized by section 17 of the National School Lunch Act is one of those programs in need of reform.

I am here today because I believe that a major aspect in the revitalization of our nation's economic prosperity can begin with spending programs like this USDA program. I maintain that S. 1994 can be part of that revitalization process.

My reservations with the CCFP are shared with the Board of Supervisors in Fairfax County. The Chairman of the Board, the Honorable John F. Herrity, wrote to the Director of the Office of Mangement and Budget on November 16, 1981, express-

ing the board's concern over the fact that the CCFP is not specifically targeted to assist low income families.

Should the Senate agree to pass S. 1994, we can begin to use our tax dollars to help only those who are in need of assistance, and thus will reduce the size of our needy population. The demand for services and the costs associated with the various benefits and entitlements will also be curtailed. The remedy is simple enough; it is equitable enough: deny benefits as provided under the current law to the middle and upper income classes.

In my view, S. 1994 is, then not only a preventative measure, but also a remedial strategy as well, for it will aid only those who are in need of our assistance, thus allowing greater concern for the disadvantaged children in family day care, and not for the non-needy children who are in family day care, and are the predominate participant of the program.

I strongly urge that the Senate pass S. 1994. It will restore the integrity to the CCFP; it will allow more time, energy and monies to be spent where they are needed; it will help strengthen the primary social unit, the keystone, of our Society upon which we all depend—both in and out of the work force—the family.

Members of the President's Private Sector Survey on Cost Control informed a House budget task force on November 2, 1983, that perhaps an additional $30 billion may be saved by simply reforming some of the nation's social programs to end waste, fraud, abuse and general mismanagement.

My objective today is to focus on what I perceive to be inequity in the CCFP, and thus its misdirected efforts to assist the needy. It should be noted that I am opposed to aid to the non-needy; I am in favor of aid to the needy. The middle and upper income classes, who predominate in the program, need no advocate. Rather, it is the child of the economically disadvantaged family who can truly benefit from our efforts to assist child care programs in our nation.

Many of the various social spending entitlement programs have expanded in recent years. The CCFP is no exception. When established in 1968, it was to provide meals and supplimentaries (snacks) to children who were cared for in nonresidential, i.e., institutional, child care centers. The genesis of the program was the Great Society. And although there are various eligibility requirements, the CCFP is an entitlement program.

The CCFP has been expanded to include children who are cared for in private family day care arrangements. Since it is estimated by the Department of Health and Human Services that approximately 56% of all children who are in day care are enrolled in family day care, this addition to the program was a significant one. Moreover, as greater numbers of women seek employment outside the home, and without an income eligibility ceiling, the number of participants who are thus eligible to participate in the CCFP will continue to increase.

And although the program is entitled the Child Care Food Program, it is not a food program. The family day care providers who are participating do not, in fact, receive food commodities from the USDA. The title of the program is simply a misnomer. The CCFP is not strictly a child nutrition program, either. It is, in reality, an income transfer program. But unlike many other programs that seek to redistribute wealth from the rich to the poor, the CCFP is a system that transfers income from the lower and middle income, single income-earning families to the middle and upper dual income-earning families, in the predominate case.

Fairfax County, Virginia, is a sponsor of the USDA child food program. It is a populous, affluent suburb of Washington, D.C. Approximately 596,000 people reside within its jurisdiction, and although the county as a whole is demographically somewhat unique in that it is quite wealthy, it is an area that is well suited to illustrate the fact that the CCFP is a system in need to reform. That reform that is offered for your consideration today is in the form of S. 1994.

The County of Fairfax has a predominately white (85.4%) population. Only 5.9% of its residents are black, with people of Spanish origin making up the next highest group of people (3.3%) who reside there. It is also an aging population, as the median age of the residents is 29.1 years of age.

According to the 1980 U.S. Bureau of the Census, 66.6% of the residents of Fairfax County, Virginia are married. Although divorce is not an unknown factor in the lives of the residents, there are only 8.3% of all family households headed by females, with 2.4% of all family households headed by males, for the category of single family headed households

Perhaps the most significant feature of the resident of Fairfax County, Virginia is the economic profile of the county residents. The median family income, according to the figures available from the 1980 census, is $33,236.00 per year. The mean family income of families with two workers is listed at $39,816.00; families with one

worker is listed at $31,335.00 per year. The proportion of families with two or more income earners in the county is 64.8% of all families.

The house in which the residents live are no less impressive in terms of their relative affluence. The estimated median value of owned housing units in 1983 is $103,600.00. with the median home value of owner-occupied homes listed at $95,200.00, making Fairfax County, VA the fifteenth most costly housing ranking in the United States, according to the Census.

In comparison, the 1980 Census has estimated that the weighted average poverty threshold for a family comprised of four persons is $9,860.00 per year. Again, the median family income in this jurisdiction—a legal participant in the USDA program—is $33,236.00 per year. Less than 6.3% of the families in Fairfax County, VA have incomes less than $9,999.00 per year.

Although Fairfax County, VA is an umbrella sponsor of the USDA program, it is administered by the county's Office for Children (OFC). Anyone who takes or agrees to take a family day care classroom training course offered without charge to participants is not only eligible to participate in the county-run program of information and referral for parents in need of child care arrangements, but also in the USDA food program. Sources within the OFC have indicated that they have had an enormous increase in the number of participants in the program. The increase has added an additional burden to the staff. It is not unlikely that the OFC has had to increase its own employees to cover the demand for this service, thus impacting the local tax base.

Because of the relative affluence of the residents of this participating jurisdiction, it is possible for a family of two incomes to gross in excess of $35,000.00 per year (as 45% of the residents do), yet are eligible for benefits from the USDA CCFP. This is, then, money that is going to subsidize the child care costs of the wealthy who choose to seek employment and the increased salary that dual income families can earn. Again, every dollar that is allocated to subdize the non-poor is one dollar less that is available to assist those who are truly in need of aid.

In the magisterial district in which I reside, 31.8% of the families report income in excess of $50,000.00 per year; 9% report earning incomes in excess of $75,000.00 per year, yet all are eligible to receive benefits under the current provisions of the CCFP.

Who is the family day care provider? More often than not, the provider is a woman who has children of her own to care for. She may not use the money that she receives from the CCFP to purchase more nutritious foods for the children in her care. Many of these women may be preparing meals and snacks for their own children, as well as for those children who are in paid care. And although there is a provision for the provider's own children to participate in the CCFP, this section is income specific, i.e., those children of family day care providers whose family income is less than 185% of proverty, are eligible to participate. The child in the care of the family day care provider is under no such ceiling limitation, hence the need for the reform offered by S. 1994. Few, if any women would be willing to spend extra time and energy to prepare a different meal and/or snack for the day care child in her care than the meal that she provides for herself as well as her own child(ren). In short, the day care child probably most often receives the meal that everyone else is served, without discrimination.

One family day care provider who resides in Fairfax County Va, has told me that she uses the extra to treat herself and her day care children to meals at various restaurants. She reports that she would otherwise be unable to offer this outing to the children in her care. Another day care provider saves all of the money that she receives from the CCFP to purchase additional toys for the use of the children she cares for as well as for own children.

Sometimes the parents who have their children in family day care arrangements do not wish to participate in the program unless the day care provider is willing to reduce the cost of the care given to their children by the amount of the subsidy received by the CCFP reimbursement schedule. The family day care provider may or may not be willing to do this. Several parents have expressed their apprehension over the program, stating that they fail to comprehend the need for participation in the CCFP (for which they are eligible simply by virtue of the fact that they have children in family day care), since their children's day care provider is rendering something that they receive any way: good substitute child care at reasonable cost given by a trustworthy neighbor.

There is an inspection system, of sorts, involved with the program. But the reality is that it is not necessary to inspect most of the homes involved with the CCFP. The good sense of the parents of the children entrusted in the care of the family day care provider is the child's best defense against the need to arm the social welfare

establishment with the authority to inspect these family day care homes. As the program is administered in Fairfax County, VA there are two inspections made once a year. The inspector proceeds these visits with a telephone call to the home of the family day care provider as a matter of common courtesy, as well as to insure that the provider will be at home during the time allotted for the visit. Surely if a day care provider were serving non-nutritious foods in lieu of nutritious foods to her charges, this system offers little protection. Again, the best defense here is that daily inspection that is made by the most interested, involved party of all: the parent of the child in family day care.

Therefore, in reality the payments received under the provisions of the CCFP may not result in increased nutritional value for the children in family day care arrangements. Instead, the payment received may be used to supplement the income of the day care provider. And this is, in my view, what this program is really all about: increasing the incomes of the day care providers; or perhaps it is to decrease the cost of child care to the working parent. In either case, the child's nutritional intake is not affected.

There are other umbrella sponsors of the USDA Child Care Food Program other than the County of Fairfax that operate within the county itself. They are usually non-profit agencies that may not be eleemosynary institutions themselves, as sponsors of the program, but receive reimbursement for administrative costs of the program. The Reconciliation Act of 1981 provided a 10% reduction in these rates. These agencies are now seeking repeal of this and other reductions.

The bottom line of the CCFP is that the value of this and other programs that are not income specific regarding eligibility requirements must be balanced against the fact that it is the single income family that may bear an unfair burden for this type of subsidy program. More often than not (as evidenced by the demographic data of Fairfax County, VA, a participating jurisdiction in the CCFP), the two income earning family may be earning in excess of the salary of the single income family. The CCFP works to the detriment of the single income family that must seek employment out of necessity, as in the case with the single parent families. Often a family of two parents may be sacrificing in order to provide its children with the care of their own mother, rather than a substitute provider. These categories of people are not elegible to participate in the USDA food program, yet their children should consume no less nutritious foods than the children of parents who exercise their free choice and seek employment outside the home when their children are small.

There are many parents of various income levels, who have decided that while their children are young, their right and free choice is to provide for the day-to-day care of their children. The upper income classes have always had this option, just as they have other options available to them that may not necessarily be available to less affluent families. On the other hand, there are many parents of various income levels who have decided that while their children are young, their right and free choice is to seek alternative substitute care for their children. But the fact of the matter is that the two income earning family, as the figures from Fairfax County, VA demonstrate, is demanding services and benefits that are not allocated to the single income family, who may in fact be decidedly less well off than the dual income earning families. The equity of setting public policy such as provided in the CCFP as is now constituted has not been adequately addressed. S. 1994 will start that reform, and this equity, in restoring the integrity of the CCFP.

We live in an age of dangerously high budget deficits. When the U.S. Congress endeavored to enact changes in some of the entitlement programs, some of the reforms took the shape of income eligibility requirements. The Gramm-Latta Act is credited with saving approximately $1.5 billion. Unfortunately, the CCFP, a small program by federal standards, was not part of that income specific reform. S. 1994 would provide that needed reform. It could set a trend toward reforming our entire social welfare benefits and entitlements such that only those who are in need of assistance are eligible for that assistance.

After all the testimony is heard, all of the evidence tallied, and the members of this committee as well as member of the Senate have made their final decision, there will be one group of citizens that will gain from that decision; one group of citizens that will loose from that decision. Let it be said that those who were denied benefits were the affluent. Do not be misled by well-intentioned but misinformed opponents of S. 1994. It is the poor who are in need of assistance, not the non-poor. And with more people seeking aid from our government, there is less money to assist the truly needy. Their cries for assistance are often lost amid the clamor from the middle and upper income classes who know how to use the system to their advantage, and often to the detriment of the under privileged.

It is my opinion, then, that it is an act of true compassion to delete all but the needy families from this program, thus rendering it less vulnerable to the valid criticism that it is an income transfer program for the wealthy, from the non-wealthy. I strongly urge that this Committee pass S. 1994, as well as that it pass the full Senate

Thank you for your time and consideration of this testimony.

COMMONWEALTH OF VIRGINIA,
COUNTY OF FAIRFAX,
Fairfax, VA, November 16, 1981.

Hon. DAVID STOCKMAN,
Director, Office of Management and Budget,
Washington, DC.

DEAR MR. STOCKMAN: The Fairfax County Board of Supervisors recently took action to participate as an umbrella sponsor for the second year in the United States Department of Agriculture (USDA) Child Care Food Program for family day care providers.

While the Board Supervisors supports family day care and this program, it expressed concern that the USDA Child Care Food Program for family day care providers is not specifically targeted at low income families. Further, we are in a period of budget and program reductions, some of which are impacting persons truly in need. Accordingly, we are concerned that this program serves all income levels, and would like to see the program's guidelines revised so that is is directed to meet the needs of those families with the greatest economic needs.

We would appreciate your review of this program to determine how the resources allocated to the program can be targeted to serving low income families.

Sincerely,

JOHN F. HERRITY,
Chairman, Board of Supervisors.

[Reprint from Washington Post, Mar. 21, 1984]

AREAS OF AFFLUENCE—FAIRFAX AND MONTGOMERY LEAD CENSUS BUREAU'S LIST OF WEALTHIEST LARGE COUNTIES

(By Lawrence Feinberg)

Fairfax and Montgomery counties, the Washington area's two most affluent suburbs, are also the two richest large counties in the nation, according to a new compilation of data by the U.S. Census Bureau.

Four county equivalents called boroughs in oil-rich and high-priced Alaska have even higher median household incomes, the bureau said, but none of them has more than 20,000 residents. The highest is Bristol Bay, Alaska—median income $33,516, population 1,094.

The rankings, published in the Census Bureau's new County and City Data Books, come from the 1980 census.

Fairfax and Montgomery were also at the top of the county income heap in the 1970 census. At that time, the rankings were compiled according to median family income and placed Montgomery slightly ahead of Fairfax.

In the new data, incomes are given for households, including not only families, which the census defines as married couples and their children living at home, but also unmarried couples, roommates and singles.

By this reckoning the median household income for Fairfax is $30,011, more than a thousand dollars above the $28,987 reported for Montgomery. However, Montgomery is still slightly ahead of Fairfax in median family income, $33,702 to $33,173.

"We decided to change what we rank because of changes in how people live," said Elizabeth Busse, a Census Bureau statistician. "In 1970 the family was the dominant life style. It isn't anymore. You have more people living in other types of households, and we began to think that households were more significant."

The medians are midpoints showing the amount of income that half of those in a certain group exceed and half fall below. In 1979, the year for which income data were collected by the 1980 census, median household income nationwide was $16,841.

According to earlier census reports, Washington remains the wealthiest large metropolitan area in the country, reflecting the relatively high income and stability

of its large federal work force as well its position as the area with highest proportion of working women.

However, according to tax-return data, the Washington area has fewer people in the highest income categories than business and financial centers such as New York, Chicago and Los Angeles.

In the new compilation, Howard County, Md., is the ninth richest county in the country with a median income of $27,612, while Fairfax City is listed 20th at $25,810 and Prince William County, Va., is 25th at $25,435.

The rankings are for 3,137 counties and county equivalents, including the boroughs of Alaska, the parishes of Louisiana, and independent cities in Maryland, Virginia, Missouri and Nevada.

Other parts of the Washington area still rank relatively high, though their positions have dropped compared with 1970.

The median income for Prince George's County is $22,395, 79th in the country and down from 26th in 1970; Arlington, $21,713, 97th, down from ninth a decade ago; Alexandria, $21,016, 136th, down from 87th; and the District, $16,211, 783rd compared to 406th in 1980.

Busse pointed out that some of the changes reflect the switch from family income to household income as a standard, and in average family and household size.

The new data book also gives information on a wide range of other social, political and economic characteristics.

For example, in a compilation of 952 cities with population over 25,000, Washington ranks second to Atlantic City with the most city government workers per capita. Atlantic City, where gambling casinos are legal, also has the highest crime rate for any city, while Washington ranks 101st.

In use of public transportation for getting to work, Washington ranks third, after New York City and San Francisco, slightly ahead of Jersey City and Boston.

In dependence on manufacturing, Washington ranks 11th from the bottom with 4.5 percent of its work force holding manufacturing jobs.

In median household income for cities, Bowie, Md., ranks 10th at $32,373, though this was considerably below several unincorporated areas in Fairfax and Montgomery, including McLean, Fort Hunt, Potomac and Bethesda. Two relatively small cities in California rank highest: Verdes ($41,973) and Saratoga ($41,143).

The county rankings also show that:

Los Alamos, N.M., has the highest proportion of persons over 25 with four years of college, 47.8 percent, followed by Pitkin, Colo., which includes Aspen, 46.2 percent. Five Washington area jurisdictions are among the top 10 in this category: Falls Church, 44.9 percent; Montgomery County, 42.8 percent; Arlington, 42.5 percent; Fairfax County, 41.8 percent, and Alexandria, 40.9 percent.

The highest median value for owner-occupied houses, excluding condominiums, is in Pitkin, Colo., which topped $200,000, the top price listed on the census form. Marin County, Calif., is second at $151,000, followed by Honolulu at $130,400. Four local jurisdictions are among the top 25: Montgomery, 13th at $97,400; Fairfax County, 15th at $95,200; Arlington, 21st at $92,900, and Alexandria, 22nd at $92,800.

The counties with the highest percentage of persons living below the poverty level are Tunica, Miss. (52.9 percent), Starr, Texas (50.6 percent), and Owsley, Ky. (48.3 percent).

STATEMENT OF SUSAN BROGDON, PRESIDENT, TEXAS SCHOOL FOOD SERVICE ASSOCIATION, FORT WORTH, TX

Mr. Chairman, My name is Susan Brogdon, President of Texas School Food Service Association (TSFSA). I am also the Director of Food Service for Castleberry Independent School District in Fort Worth, Texas. Texas School Food Service Association is pleased and honored to have this opportunity to share with the Committee our views on current issues facing the National School Lunch and Breakfast Programs.

The Child Nutrition Programs are the largest of the federally funded programs in Texas. During the 1982-83 school year, Texas received over $217 million in reimbursement for serving over 267 million lunches and 70 million breakfasts. Those figures when averaged show Texas serves over 1.5 million lunches per day of which approximately 820,000 (54%) are free and reduced-price lunches. The number of free and reduced lunches served daily is the near equivalent of the population of San Antonio, the 10th largest city in the U.S. The School Breakfast Program served 400,000 breakfasts daily in Texas with over 350,000 (87.5%) being free or reduced-price. The National School Lunch and Breakfast Programs are a big business in

Texas. TSFSA (composed of over 10,000 members) offers the following for your consideration.

I. COMPETITIVE FOODS

The proposed rules concerning the competitive food regulations in the National School Lunch and Breakfast Programs confine the control of competitive foods sales to the food service area and only during the meal hours. This proposed rule would allow the school officials, at their discretion, to serve foods such as carbonated beverages ouside the door to the cafeteria.

Texas School Food Service Association is opposed to this proposed regulation. School food service programs often depend on the revenues from the sale of additional food items (beyond the Type A Lunch) to purchase new equipment, offset the costs of paid lunches, and raise salaries. TSFSA submits the following recommendation: that a federal regulation be enacted which would give the local school district the authority to set guidelines concerning all food sales on school premises. In the area of the competitive foods, the local districts can best decide what foods should be served and when those foods should be served. This recommendation would also allow for added finanical flexibility in the food service programs.

II. VERIFICATION

Texas school districts are required to verify at least 3% of the free and reduced-price meal applications approved for the 1983-84 school year. TSFSA polls have indicated that an average of 11% of the applications were verified with 55% using the error prone method, 35% using the random selection method and 10% using other methods.

Under the present system it is most frustrating for all concerned (approved authorities, principals, food service personnel, parents, and children) to approve a child for free meals and two months later remove that child due to verification results. This situation could be eliminated if 100% up front documentation of income is required to be submitted with the initial application. Documentation at the time of submitting the application would also serve as a deterrent to those applicants who are ineligible and, thereby, eliminating a child being removed from free lunches for failure to document one week and reapplying the next week without submitting documentation. The 100% documentation would also reduce community and parent confusion; increase the work load for approximately one (1) month instead of 3 to 4 months; and it could be incorporated into the already existing application process. At the beginning of the school year this increased documentation would require an extension from 10 to 20 days to receive and process applications at which time all children previously approved (from last year's approvals) for free or reduced-price meals could continue to receive benefits.

Texas School Food Service Association supports a regulation requiring upfront documentation of income to be submitted with the free or reduced-price meal applications. This would reduce repetitive paperwork and increase the accountability of the School Lunch and Breakfast Programs.

III BREAKFAST

Texas School Food Service Association supports the implementation of the offer vs. served regulation during the Breakfast Program with the provision that the final decision to participate be left to the discretion of the local school district. The following concerns about the Breakfast Program were expressed:

(A) There is too much liquid at breakfast. Some children have difficulty consuming 8 ozs. of milk and 4 ozs. of fruit juice. (offer vs. served would help eliminate this)

(B) At lunch a child may select 3 of 5 items with the offer vs. served regulation, where at breakfast the child must take all foods causing confusion for the child.

(C) When a child chooses his food there is less plate waste.

After very positive reactions to the offer vs. served regulation implementation during lunch, TSFSA looks forward to the time when we can include offer vs. served during breakfast. This provision would increase financial flexibility; give children an opportunity to select foods and increase the consistency of meal pattern choices.

It has been suggested that we should increase the meat/meat alternate to a daily requirement at breakfast with additional funding to offset the increased expense. Concerns expressed by TSFSA were as follows:

(A) Since 87.5% of the breakfasts served in Texas are free and reduced-price, the importance of protein at breakfast should be considered since the last meal consumed for the day by some children may be the school lunch.

(B) If the meal pattern requirements are increased along with funding, the increased requirement should be directly tied to the funding so that funding could not be reduced without reduction of the meal requirements.

(C) A good breakfast can be prepared under current requirements.

TSFSA supports the increased meat/meat alternate requirement with the provision that adequate funding is continually supplied.

Texas School Food Service Association appreciates the changes leading to increased flexibility and accountability in the School Lunch and Breakfast Programs during the last two school years. TSFSA is always seeking new means by which to improve our programs. In summary we support:

(A) returning of control to local school districts of the competitive foods served in each district;

(B) requiring up front documentation for every free or reduced-price meal application before processing;

(C) implementing the offer vs. served regulation during breakfast; and

(D) increasing the meat/meat alternate requirement to daily at breakfast with continued adequate funding.

The money expended by the National School Lunch and Breakfast Programs is spent for food, labor, supplies, and direct administration of the programs with the end result being that a child is served nutritious meals. This meal provides a greater opportunity for a child to learn, grow, and fulfill his potential. The Lunch and Breakfast Programs are an extremely important part of the federal effort to protect the nutritional health and well-being of the nation's children.

Thank you very much Mr. Chairman, members of the committee, for the opportunity to provide information on the School Lunch and Breakfast Programs. I am ready to answer any questions that you may have. Thank you for permitting me to testify.

STATEMENT OF MARSHALL MATZ, REPRESENTING AMERICAN SCHOOL FOOD SERVICE ASSOCIATION

Mr. Chairman, Members of the Committee, my name is Marshall Matz, with the law firm of Barnett & Alagia. I am appearing this morning on behalf of the American School Food Service Association.

The American School Food Service Association (ASFSA) is a nonprofit association of approximately 60,000 members who are responsible for the planning, preparing, and serving of school meals. As such, ASFSA is vitally concerned about the health and nutritional well-being of the nation's children. We are pleased and honored to have this opportunity to share with the Committee our views on current issues facing the Child Nutrition Programs.

The 1985 Budget sent to the Congress last month does not propose new budget cuts in child nutrition. We are extremely pleased that the Administration is not seeking some of the proposals that were rejected by the Congress last year or any other significant new proposals that would greatly reduce the funding for child nutrition. There are, however, a number of legislative proposals contained in the budget, as well as a number of legislative proposals pending on the calendar from last year, that require our attention ---

1. The Nutrition Education and Training Program, the Summer Food Service Program for Children, the Commodity Distribution Program, and the provision for State Administrative Expenses (SAE) expire on September 30, 1984. All other Child Nutrition Programs, including the School Lunch Program and the School Breakfast Program, already have been made permanent. ASFSA supports a four year extension of these important programs as contained in H.R. 7, reported on March 20, 1984 by the House Education and Labor Committee.

2. ASFSA supports passage of S. 1913. Since 1980 the Child Nutrition Programs have been cut by approximately $1.5 billion. S. 1913 would mitigate the harshness of these cuts by restoring approximately 10% of the cut or $150 million. The legislation would make a number of important changes. It would:

(a) Lower the cost of a reduced-price lunch to the children of working poor from 40c per meal to 25c per meal;

(b) Lower the cost of a reduced-price breakfast to the children of working poor from 30c per breakfast to 15c per breakfast; and

(c) Increase the funding for School Breakfast Programs to improve the nutritional quality consistent with the

findings of the U.S. Department of Agriculture's National Evaluation of School Nutrition Programs, published in March, 1983.

Additionally, the legislation would provide benefits for the Child Care Food Program and private schools.

These changes are modest in nature and targeted specifically to those poor children participating in the free and reduced-price school lunch and breakfast programs.

When H.R. 4091, the companion of S. 1913, was being considered by the House last fall, the Administration pointed out that more than 70% of the benefits under the bill would go to families with incomes over 130% of the poverty line. It failed to point out that approximately 70%-80% of the benefits would go to families with incomes below 185% of the poverty line. The bill is intentionally targeted to benefit the working poor, and properly so. The budget cuts enacted as part of the Omnibus Reconciliation Act of 1981 have dramatically reduced participation in the reduced-price lunch category. The following chart represents some examples. The chart is not meant to represent a statistically sound national sample, but the examples are instructive.

SCHOOL LUNCH PARTICIPATION
REDUCED PRICE CATEGORY

	October 1980	October 1983	% Decline
Akron, OH	1,882	983	48%
Memphis, TN	4,265	I,409	67%
Raleigh, NC	2,708	1,966	27%
Birmingham, AL	2,881	2,054	29%
Albuquerque, NM	4,135	2,967	28%
Cleveland, OH	2,366	1,841	22%
Louisville, KY	5,332	4,147	22%
Kansas City, MO	1,756	1,684	4%
Ft. Lauderdale, FL	5,960	5,250	12%

In light of this decline we believe that S. 1913 is an extremely important piece of legislation.

3. ASFSA opposes a nutrition block grant as recommended by the White House Task Force on Food Assistance. ASFSA believes that the federal government must retain primary responsibility for the child nutrition programs and that such programs should not be included in any block grant or otherwise turned back to the states.

Including child nutrition programs in a block grant to the states represents an abdication of federal responsibility which would result in many of these child nutrition services being terminated or drastically reduced. A child's need for a

nutritionally adequate diet does not vary from state to state. If the child nutrition programs are terminated under a block grant, a child living in a state with an adequate tax base would have a much greater chance of receiving a nutritionally adequate diet than a child growing up in a state with a poor tax base. ASFSA believes that child nutrition must have a uniform national guarantee through federal programs, for with a better diet goes a greater opportunity for children to learn, grow, and fulfill their potential.

ASFSA therefore, opposes repealing the Child Care Food Program and the Summer Feeding Program and replacing them with a general nutrition assistance grant for the same reasons. These programs are an extremely important part of the federal effort to protect the nutritional health and well-being of the nation's children.

4. ASFSA supports the strict regulation of competitive foods.

(a) Restrictions on the sale of foods sold in competition with the National School Lunch Program are vital to protect both the nutritional quality of the program as well as the financial integrity of the program. ASFSA supports legislation that would bar the sale of competitive foods on school premises from the beginning of the school day to 30 minutes after the last meal. As you know, the U.S. Court of Appeals for the District of Columbia recently held that the Secretary of Agriculture lacked the statutory authority to justify the current USDA regulations. We believe that situation should be remedied.

(b) Business Week magazine on January 30, 1984 reported "McDonalds says it is moving to stay abreast, if not ahead, of the domestic market . . . and looking at barely tapped distribution outlets such as schools ---". If fast food restaurants are allowed to invade the school lunch cafeteria the profit from the a la carte line currently used to subsidize the free and reduced price meal program will inure to the benefit of corporate stockholders, not the school lunch program.

Current law allows the sale of competitive foods, found by the Secretary to be nutritionally satisfactory, only "if the proceeds from the sales of such foods will inure to the benefit of the schools or of organizations of students approved by the school." We urge the Congress to require strict enforcement of this important provision of the law and to make clear that it requires all proceeds to inure to the benefit of schools or of organizations of students approved by the schools.

5. ASFSA opposes termination of the Nutrition

Education and Training Program (NET), and supports the original concept of 50 cents per child per year for the purpose of nutrition education for students and ongoing training for food service personnel.

6. ASFSA opposes eliminating the requirement that USDA directly administer the Child Nutrition Programs. Ideally State Agencies should administer their programs. However, several states have laws, policies or even constitutional provisions which prohibit the State Educational Agency from administering non-school programs. Currently, the USDA administers the Child Nutrition Program and Special Milk Program in private schools in thirteen states; the Child Care Food Program in nine states and the Summer Food Service Program for children in seventeen states. If Congress permits the USDA to withdraw from the administration of Child Nutrition Programs, mass termination may occur in states which are unable or unwilling to change state laws.

7. ASFSA opposes indexing of the reimbursement rate for the reduced-price meals. In recent years the cost for the reduced-price lunch has increased from 10c to 40c. Results of the National Evaluation of School Nutrition Program have shown a direct relationship between participation and meal price. ASFSA, therefore, opposes such price increases in the reduced-price meal categories.

8. ASFSA urges the Congress to require a feasibility study or pilot project on various methods of operating a self-financing school lunch program for all children.

During the final meeting of the White House Task Force on Food Assistance, Dr. George Graham, a commission member, re-surfaced the idea that the National School Lunch Program would better serve all children if it were a universal program. He then went on to propose funding the program by including the value of the lunch served as taxable income.

Last year, Senator Gary Hart introduced legislation that would have reduced the current 100% tax deduction on business lunches and entertainment expense to 70% and used the revenue for child nutrition. It was estimated that this legislation would have generated $1.2 billion in new revenue to the U.S. Treasury. If you combine Dr. George Graham's suggestion with Senator Hart's proposal, you can raise over 90% of the funds needed to finance the Universal School Lunch Program. And if the program is only extended to elementary schools it would not be necessary to lower the tax deduction on business luncheons and entertainment expenses to 70%. Sufficient revenue could be raised by lowering the deduction to approximately 80%.

The declaration of policy in the National School Lunch Act has not been amended since it was enacted some 37 years ago. Since that time a number of significant changes have been made. Most importantly was the change enacted in 1971 providing additional, or special federal assistance, in order to provide free and reduced price meals to poor children. It was a change that ASFSA strongly supports.

With enactment of the free and reduced price lunch program the mission of the National School Lunch Program was enlarged from a health and nutrition program to include an income security component. Concomitantly there has been an increase in verification requirements, an increase in documentation requirements and less sensitivity to protecting poor children from overt identification and discrimination. In short, the National School Lunch Program is currently facing something of an "identity crisis". Is it a welfare program, or is it a nutrition program for all children?

A universal school lunch program for all children would get schools out of the business of having to document and verify the income of people within the school. These activities are better left to the experts at IRS. Second, it would refocus the program on its initial goal of providing nutritious meals to all children throughout the nation that wish to participate in the program -- regardless of income. Third, it would eliminate all problems associated with identification of poor children and discrimination.

Mr. Chairman, we have been aware of the advantages of a universal free school lunch program for many years. We have not, however, explored the various options that may be available for financing such a program. We therefore request that the Congress require a pilot project or at least a feasibility study to ascertain the various methods of operating a self-financing school lunch program for all children. We are most pleased that H.R. 7 contains such a requirement and hope that this Committee will support such a provision.

Thank you very much Mr. Chairman and Members of the Committee. We are ready to answer any questions that you may have. Thank you very much for this opportunity.

STATEMENT OF HELEN BLANK, REPRESENTING CHILD NUTRITION FORUM

Mr. Chairman, members of the Committee, I am Helen Blank, Director of Child Care and Family Support at the Children's Defense Fund. CDF is a national public charity created to provide a long-range and systematic voice on behalf of the nation's children. We are organized into four program areas: education, child health, child welfare, and child care and family support services. We address these issues through research, public education, monitoring of federal and state administrative and legislative policies and practices, network building, technical assistance to national, state, and local groups, litigation, community organizing, and formation of specific issue coalitions.

CDF appreciates the opportunity to testify on the importance of the Child Care Food Program to family day care. We are extremely concerned that if implemented a proposal to place a means test on children in family day care homes who are participating in the program would have disastrous consequences for parents, children, and the providers themselves.

The Child Care Food Program is the second largest source of limited federal support to child care. It is the largest source of federal support to family day care which is a major component of this country's patchwork child care system. The implementation of a means test would not only take food from children in struggling working families but would also remove a major resource which has been largely responsible for strengthening family day care systems in America.

ANY PROPOSAL AFFECTING CHILD CARE MUST BE VIEWED IN LIGHT OF THE SERIOUS GAP THAT NOW EXISTS BETWEEN THE SUPPLY OF CHILD CARE SERVICES AND THE BURGEONING DEMAND

More than one in six American children 13 years old and under, including many preschoolers, may be going without care. The need for infant care is steadily climbing as is the demand for after school programs so that young children are not left waiting up to four hours a day in empty homes, in school yards, or on neighborhood streets while parents work. The labor force participation of mothers with children has increased dramatically in the last forty years. Only 19 percent of women with children under age 18 were in the labor force in 1947; in contrast, 60 percent of these women were employed in 1982—a threefold increase in about 30 years. As more and more parents of young children work, child care needs will become an even greater problem.

41 percent of mothers with children under one are in the labor force.

Almost 46 percent of mothers with children under age three are in the labor force.

By 1990 at least half of all preschool children—11.5 million—will have mothers in the labor force, as will about 60 percent—17.2 million—of all school-age children.

MOTHERS WORK OUT OF ECONOMIC NECESSITY

Close to one-fifth of all families with children under 18 years of age are headed by women, with no husband present. Among blacks, 44 percent of children live with their mother only. These female heads of households are the principal sources of support for their families. Married women are also essential providers of family income. Among married women who work outside the home, 27 percent have husbands who earn less than $10,000, 51 percent have husbands who earn less than $15,000, and 73 percent have husbands who earn less than $20,000.

The average single mother with children is far worse off earning only $9,495 in 1981.

LACK OF AFFORDABLE CHILD CARE IS A MAJOR FACTOR IN KEEPING WOMEN AND CHILDREN IN POVERTY

A recent Census Bureau survey asked women who were not in the labor force whether they would work if child care were available at a reasonable cost. Forty-five percent of single women replied yes as did 36 percent of low-income women with family incomes under $15,000. The U.S. Commission on Civil Rights notes that the inability to locate affordable child care restricts not only women's employment and training opportunities but also their ability to participate in federally supported education programs. A number of studies have shown that approximately one of every five or six women is unemployed because she is unable to make satisfactory child care arrangements. The unemployment rate for single mothers with children under six is nearly 20 percent.

A mother in Massachusetts talks about the importance of child care to her ability to work:

"Things are very difficult for me financially right now, but I'm glad I have not lost my day care totally, as I thought I might at one point last year. I need day care so I can work and attend school. Even though the incentive is not there to work, I felt trapped in the welfare system. Day care has given me the freedom to get an education so that I can get employment and some day get totally out of the welfare system."

Secretary Margaret Heckler shares this mother's sentiments: "Availability of adequate day care is an essential element if welfare mothers or others with young children are to work".

FAMILY DAY CARE IS THE PRIMARY SOURCE OF CHILD CARE FOR WORKING FAMILIES

Over 50 percent of children are cared for in a home setting including the majority of infants and toddlers. Parents often prefer to have their younger children cared for in a home as opposed to a more formal setting. The extraordinary high costs of center based infant care further deters most families from seeking this option.

Average costs for child care are high.

Average child care costs

Infant (under 2 years)

Group or center: $3,000–$5,000 per year.
Family day care: $1,800–$3,500 per year.

Child (3–5 years)

Group or center: $2,200–$2,200 per year.

Child (school age)

$10–$50 per week.

The cost of family day care is usually below that of center care. Fees in family day care are more likely to be adjusted according to parents work schedules, further reducing the cost. Because of the cost differential, family day care is the major source of child care for hard working families. The National Day Care Home Study revealed that the average annual income of parents using family day care was $12,000 to $15,000. A survey of CCFP conducted last year by the Northwest State Child Nutrition Directors and Child Care Food Program Coordinators found that 69 percent of the children enrolled in family day care and using the Child Care Food Program were from blue collar families. It also revealed that the availability of CCFP funds has enabled many providers to remain in operation and to keep their fees at an affordable level. The accessibility of family day care has freed may families from low-income status.

FAMILY DAY CARE OFFERS THE MANY PARENTS WHO WORK ODD HOURS, FLEXIBILITY THAT CENTERS CANNOT PROVIDE

An umbrella sponsor in Louisville, Kentucky highlights ny such flexibility is important to working parents:

"Last year, 4-C assisted a distraught parent in finding child care to fit her nurse's training schedule. She was a single parent needing care beginning at 5:30 a.m. for 6-week shifts which alternated with 6-week shifts scheduled from 12 noon to 8:00 p.m. She stressed that she would have to drop out of nurse's training if affordable child care that could accommodate her schedule could not be found. A family day care home under CCFP sponsorship was able to provide the flexible care she needed. Today, she is a registered nurse working at a local hospital, earning over $10.00 an hour."

"Family day care provides before and after school care, ensuring that children get to and from school safely. These children have care available when schools are closed for holidays or bad weather. In Louisville, children attend half day kindergarten sessions, either in the morning or afternoon. The family day care provider is especially important to these families. She makes sure the children are picked up and delivered by the school buses according to schedule. She also arranges to serve lunches at different times to accommodate children leaving at 11:30, and arriving at 12:30."

THE CHILD CARE FOOD PROGRAM HELPS FAMILY DAY CARE PROVIDERS BECOME SELF-SUFFICIENT TAX PAYING CITIZENS.

Family day care providers, work usually by themselves, 12-14 hour days caring for children, 5-6 days a week. This is a very difficult, emotionally stressful and physically exhausting job. Eighty-seven percent of family day care providers earn below the minimum wage. These are low-income women, operating a business which utilizes their skills in caring for children. It is only because of the CCFP that many providers are licensed, and visible taxpayers because providers must meet state regulatory requirements in order to participate in the program. Before participating in the food program, many family day homes operated "underground" and providers did not pay taxes or make social security contributions. Ironically, the support from the food program which helps women operate their business and avoid dependence on welfare also helps them avoid such dependence in their retirement years since they earn vital social security credits if they operate above ground. Having more family day care above ground is also beneficial to parents because an increased number of regulated providers also expand access for families seeking child care. Information and referral programs cannot refer parents to family day care unless it is licensed or registered. Finding family day care still continues to be difficult with approximately 75 percent of the profession operating underground.

THE CHILD CARE FOOD PROGRAM HELPS TO IMPROVE THE QUALITY OF FAMILY DAY CARE

Participation in the food program is not only important because it insures that child care is more available to families and that the women providing this care are helped to move toward self-sufficiency but also because it means that children are receiving better care. The Child Care Food Program helps to insure quality child care by carefully monitoring all participating homes two to three times per year. With increased numbers of women entering the family day care profession but fewer dollars and less staff available to monitor day care homes, the visits made by sponsors to the homes are an important way of assuring higher standards. In addition, CCFP has been largely responsible for upgrading the quality of care to children by offering training and technical assistance to providers enrolled in the program. This is particularly important in light of federal and state cutbacks in training funds for child care.

Training in early childhood education has been strongly associated with more positive and stimulating behavior on the part of caregivers. The valuable contribution that the umbrella sponsors have made in improving family day care services is well documented. The National Day Care Home Study, a four year nationwide study of urban family day care concluded that day care systems such as the ones spurred by the food program should be promoted—a sentiment widely shared by the child care community. This study found:

"That day care systems play an important role in promoting quality care for maintaining desirable enrollment levels, monitoring regulatory compliance, training caregivers, providing technical assistance . . . (further) the child benefits from improved nutrition in programs subsidized under the CCFP and from the skilled care of a training caregiver."

THE CHILD CARE FOOD PROGRAM HAS BEEN SUCCESSFUL IN IMPROVING THE NUTRITIONAL STATUS OF CHILDREN AND FAMILY DAY CARE

A study commissioned by the Department of Agriculture and conducted by Abt Associates in 1982 found that "the results indicate quite clearly that the CCFP is meeting its goal of providing nutritious meals to children in day care". The Family Day Care Study conducted by the Northeast State Directors concluded that the primary goal of the program is to provide nutritious meals and snacks to children in day care, has been achieved in "a dramatic and successful manner".

Parents also benefit from the success of the program in meeting its goals as a child's eating patterns in day care often carry over to his/her home life.

The dollars from the Child Care Food Program that are utilized in family day care represent a sound investment. They help lower-income women to run a small business in their own homes without necessitating the costs or setting up large facilities to care for children. Finally and most importantly, they help women to find and afford care so that they can work while their children are cared for in a supportive, family like setting.

A MEANS TEST WOULD HAVE EXTREMELY NEGATIVE CONSEQUENCES FOR FAMILY DAY CARE AS IT WOULD FORCE MOST PROVIDERS OUT OF THE SYSTEM

Nancy Van Domelen, an umbrella sponsor, testifying before the Subcommittee on Nutrition highlighted the administrative problems that a means test would entail:

Paperwork problems

Income eligibility criteria will require income certification documentation from 76,700 families annually. This process increased dramatically the level of paperwork for sponsors. Senate Bill 1994 makes no provision for increased administrative funding to cover this cost.

Recruitment problems

Provider turnover mandates the replacement of homes to maintain the needed participation level required for a viable sponsorship. Since most providers have children from a broad cross section of socio-economic backgrounds, it will be very difficult to target potential recruitment areas. Also, it was proven from 1976 to 1980, when income eligibility was required for family day care providers on the CCFP, that providers receiving low reimbursements would not participate in a program which mandated higher food costs and then did not come close to covering these costs.

Confidentiality problems

Confidentiality of parent income information is an extremely sensitive issue in an informal family day care home setting in which the provider and parents often are friends and live in the same neighborhood. Sponsors participating in the CCFP before May 1980 when income eligibility was a part of the program reported that two major factors limited program participation:

Low reimbursement to the provider.

Provider reluctance to gather income eligibility documentation from parents.

Discrimination problems

The most devastating effect of income eligibility criteria would be in the possible discrimination to which a provider would be forced in order to maintain a high enough reimbursement to cover even a portion of her food costs. At a time when the demand from parents of all socio-economic levels is increasing for family day care, particularly infant and toddler care, providers would be compelled to shift their day care slots to low-income children in order to obtain the subsidy they so desperately need in their low-paying profession.

An area means test such as the one proposed by the President's Commission on Hunger would not alleviate these problems. It would neither be applicable in rural areas nor smaller or middle size cities which are more likely to have census tracts which include mixed socio-economic populations.

The Child Care Food Program represents the largest federal source of support for family day care since the bulk of the funds targeted to child care under the Title XX Social Services Block Grant are utilized for center-based care. The $50 million that might be saved by the implementation of a means test would be a very high price to pay given the negative consequences which would ensue for families, children, and low-income providers.

When we look at the value of this $50 million to these families and their children, we must also look at other choices we have as a country in terms of spending and revenue raising. Title II of The Children's Survival Bill includes a number of provisions which if passed would more than compensate for the very small amount of support that the federal government offers to family day care. For example:

The liquor tax of $10.50 per gallon has not been changed since 1951. Doubling it to $21 would raise an estimated $3.5 billion in FY 1985.

A ten percent excise tax on the sale of all recreational boats would generate an estimate $100 million in revenue.

If the armed forces were required to send low-priority messages by mail rather than teletype, we could save an estimated $20 million.

The overall federal commitment to child care is extremely limited in contrast to the enormous need for support to working families and their children. Growing public interest is now focusing on the gap between the need for child care and the supply. After holding a series of hearings on children and family issues across the country, the Select Committee on Children, Youth, and Families made a bi-partisan decision to take an in-depth-look at the child care dilemma faced by American families. It would be counter-productive and short-sighted given the tremendous gap in

child care services to cut back a single federal dollar targeted to child care at a time when it is most unlikely that new initiatives will be put in place.

STATEMENT OF EDWARD M. COONEY, FOOD RESEARCH AND ACTION CENTER, ON BEHALF OF THE STEERING COMMITTEE OF THE CHILD NUTRITION FORUM

Mr. Chairman: I would like to thank you and Senator Huddleston for the opportunity for appearing before this committee. I would like to take a moment to give you a sense of the goals of the Child Nutrition Forum.

STATEMENT OF PURPOSE

The Child Nutrition Forum provides a platform from which organizations with widely divergent purposes and interests can express in a unified voice their support for effective and adequately funded federal nutrition programs for children.

Specifically, the Forum embraces the chief objectives of the National School Lunch Act of 1946 and the Child Nutrition Act of 1966. These are "to safeguard the health and well-being of the Nation's children, and to encourage the domestic consumption" of nutritious agricultural foods.

The Forum believes that these objectives will be achieved through adequate funding for the programs authorized by these two laws and opposes any attempt to reduce federal support for them.

The Forum maintains no membership list, rigid governing structure or list of objectives beyond those expressed above. A small and informal steering committee composed of representatives from the religious community, agricultural producers, labor, education, the health professions, school food service officials, state and local government, and consumer and advocacy groups, meets regularly to share information about national child nutrition policy developments. From time to time, it will recommend that organizations join with the Forum to operate as a coalition in endorsing a position or statement that reflects this statement of purpose.

I would like to share with you some ideas recommended by the steering committee and contained in S. 1913 which we believe will strengthen child nutrition programs.

School Breakfast Program

We understand that one of the provisions the Committee is considering is the addition of 38 million dollars for the purpose of providing a meat-meat alternate component in the school breakfast program thereby allowing for the improvement of the nutritional quality of the school breakfast meal pattern. This could be accomplished by adding 6 cents to each breakfast reimbursement.

We heartily endorse this provision for a number of reasons:

(1) A recent nationwide study shows that the nutritional quality of school breakfasts can be improved. Let me give you a little background. In 1979 the Senate passed a resolution, commonly referred to as Senate Resolution 90, which asked a number of questions about the impact of school meals on children and their families. A number of studies were initiated in response to this resolution, but one of them specifically looked at the nutritional impacts of the School Lunch, Breakfast, and Special Milk Programs. It is called the National Evaluation of School Nutrition Programs, and was completed in April 1983.

This study reported two major findings concerning the School Breakfast Program. First, the program was shown to increase the likelihood that children will eat breakfast. As the study points out, this is a major nutritional benefit in that children who eat a breakfast are substantially better nourished than those who skip breakfast. Projections made from this study's data show that over 600,000 students who currently skip breakfast would eat it if the program were available in their schools.

Second, the school breakfast is superior in calcium and magnesium levels to breakfasts children eat elsewhere, but contains less vitamin B6, vitamin A and iron. (Interestingly enough, however, over a 24-hour period the intake of these nutrients is similar for school breakfast participants and those who eat breakfast elsewhere. Their intake is made up during the remainder of the day.) Since vitamin A, vitamin B6 and iron are nutrients for which large proportions of children do not obtain their Recommended Dietary Allowances (as pointed out in USDA's National Evaluation), it makes sense to improve the nutritional quality of the Breakfast Program in such a way that: the consumption of these nutrients is increased; and the breakfast eaten at school is closer in nutritional quality to breakfasts eaten at home.

In fact, the National Evaluation final report recommends that "the School Breakfast meal pattern should be examined and improved." It was suprising to all of us when USDA's original response to this recommendation was to suggest terminating School Breakfast as a categorial program and placing it in a block grant with reduced funds. Obviously this legislative recommendation conflicts with the findings of the report.

The National Evaluation results do not tell us which foods made the nutritional difference between the school breakfasts and those eaten elsewhere. However, it is likely that it was the meat/meat alternate. First, because the School Breakfast meal pattern does not require the service of a meat/meat alternate. It does require a cereal or bread product; juice, fruit, or vegetable; and one half pint of milk. Second, because cheese and eggs are good sources of vitamin A, and meat, poultry, fish, and peanut butter are good sources of iron and vitamin B6. The addition of these meat-meat alternates to the meal would improve the nutritional quality of school breakfasts.

(2) Participation in the Breakfast Program by students and schools will probably increase with this provision because it will increase the variety and appeal of the Breakfast Program and will increase reimbursements to schools. This increase in participation by students and schools is very important, especially considering two of the National Evaluation's findings: that the presence of a School Breakfast Program increases the chances that children will eat breakfast, and that the Program is found predominantly in schools located in low income areas and serves primarily poor children. In fact, 84 percent of the children who participate in the Breakfast Program are from families eligible for free meals, and 89 percent from families eligible for free or reduced price meals.

(3) Breakfast is a very important meal for children, as you all know well as parents and as legislators on the Senate Agriculture Committee. We have two kinds of evidence to show that this is the case. First are the studies of the impact of breakfast, or the lack of it, on children's learning ability. Dr. Ernesto Pollitt in a 1978 review of the literature on the impact of school feeding programs on education sums up the evidence on breakfast as follows:

"The studies that focused on the short-term effects of hunger or morning feeding suggest that the provision of breakfast may both benefit the student emotionally and enhance his/her capacity to work on school-type tasks."

A recent carefully controlled study by Dr. Pollitt (1981) of the impact of skipping breakfast on thirty-four well-nourished nine and 10 year olds showed an adverse effect on the accuracy of responses on problem-solving.

The second kind of evidence is what we call anecdotal, and that is the reports of superintendents, principals, school nurses, and teachers. They tell us again and again, each time a new breakfast program starts, how children's reading scores increases, how relationship between students of different ages improve in the morning, how students have less stomachaches, and how much better children pay attention in class. Earlier this year I was in West Virginia and was told by a long-time school principal that starting a Breakfast Program in her school had more positive effects than any other one thing she had accomplished. We should remember, as I was remined during my West Virginia trip, that there are many children to whom the breakfast provided at school is essential, and that this is true now more than ever with continuing high employment in states like West Virginia.

Child Care Food Program

Another program upon which may low income families depend is the Child Care Food Program (CCFP) for preschool children in family day care homes and day care centers. Unfortunately children who stay at a day care center all day only may receive two meals and one snack because of cuts made in federal support for the Child Care Food Program. We understand that one of the provisions you are considering would add a meal and a snack back to the Child Care Food Program, and we urge you to adopt it. Let me tell you why.

First, the nutritional evidence. Before the changes occurred in the number of meals that could be served, USDA carried out an evaluation of the nutritional impact of CCFP through Abt Associates in Massachusetts, which showed highly positive effects. In fact, their report stated:

"The differences between participating and nonparticipating day care centers [in meal quality] are striking. For every measure examined, participating centers have statistically significantly higher levels of meal quality than nonparticipating centers. Equally striking is the findings that participating family day care homes also serve meals of superior nutritional quality, and that these meals generally contain foods of higher quality and variety than those served by non-participating centers."

To be more specific, day care facilities that participated in CCFP provided a higher proportion of the Recommended Dietary Allowances than non-participating center, had superior food preparation, handling, and sanitation techniques, served significantly more food rich in vitamin A and C and iron, served fruits, vegetables, and juices 129 percent more often, whole grain products 50 percent more often, and milk more frequently at snacks and lunches. They also served significantly fewer concentrated sweets and sweet dessert foods and had care-givers who talked more often to children about nutrition and encouraged children to try new foods.

The results of this report are corroborated and elaborated upon by a survey of CCFP sponsors in the Northeast region carried out by the Connecticut Department of Education, which will also be referred to in today's testimony before this committee by the Children's Defense Fund. The survey found that the quality and quantities of foods served in day care homes improved with their participation in CCFP, because of the funding for food and because of an increase in the availability of good nutrition information that comes with the program. As the New England state directors point out in their survey report, "This knowledge becomes twice as important when you realize that the information is often passed on to the parents of the children because of the close relationship and contact that is possible in family day care."

They also point out another benefit of CCFP in their report:

"The availability of CCFP funds has enabled many providers to remain in operation and to keep their fees at an affordable level. The accessibility of affordable day care has freed many families from low income status."

This is not surprising when one considers the make-up of the parents using the day care homes participating in CCFP in the Northeast region—69 percent held blue-collar or unskilled jobs and 40 percent represented one-parent families.

The impact of the cuts in the number of meals from three to two and number of snacks from two to one have been quite negative, as evidenced by reports coming in from around the country.

In January 1983 the California Rural Legal Assistance Foundation surveyed 64 child care sponsors (representing over 9,354 children) in ten San Francisco Bay Area counties in order to measure the longer-term impact of FY 1982 budget cuts. In their June 1983 report "Cutting Costs in the Child Nutrition Programs: The Longer-Range Impact of Federal Budget Cuts and How Programs are Coping," the foundation stated that forty-one percent of the surveyed day care programs have been forced to substantially reduce the number of meals served to the children they care for. Another 38 percent have turned to deficit spending rather than cutting back on the meals they serve. This means borrowing from educational materials funds, staff salary funds, etc., to make ends meet; resulting in less service available to the children overall and an overworked staff. Finally, thirty-four percent have significantly cut back on the variety and quality of foods served.

The Hunger Watch U.S.A. report released by Bread for the World last year reports the local effects of budget cuts in federal food assistance programs as catalogued by their members in different parts of the country. They report fewer meals being served to children, because of decreased federal support, in Wake County, North Carolina; Jamestown, North Dakota; Albuquerque, New Mexico; Topeka, Kansas; LaCrosse, Wisconsin; Charlottesville, Virginia; Springfield, Vermont; and Nashville, Tennessee.

Last January, the Children's Defense Fund in collaboration with the Association of Junior Leagues launched Child Watch in over 100 communities nationwide to monitor the impact of federal budget cuts on needy children and families. In Massachusetts, the Child Watch group found that programs across the state had to curtail the amount and variety of food served. The Minnesota group reported that the quality and expertise of cooks and staff had to be reduced, worn-out equipment could not be replaced, and deficits were faced. In Maryland many centers reported a decrease in the variety of meals served and the number of meals and snacks provided.

These changes are occurring at the same time that parents are depending more and more on day care facilities to help them stay on the job and ensure nutritious meals for their children in spite of smaller home food budgets. These cuts are also occurring at the same time as other cuts have made day care programs harder to maintain—reductions in Title XX, CETA, and compensated Child Care costs in AFDC. All three of these programs have provided a great deal of support for child care for low income working families in the past. The Children's Defense Fund has released a report titled Children and Federal Child Care Cuts, which surveys the impact of federal Title XX cuts on state child care systems. They found that reductions in Title XX funding have triggered cuts in state child care systems throughout the country, including such practices as making fewer low-income working families

eligible for Title XX Child Care, increasing fees for child care, reducing funds for training child care workers, lowering child care standards, and cutting back on staff. Obviously the states would be hard put to make up for meals lost when they cannot even pay for staff. Finally, these cuts are happening in the face of an ever-increasing need for child care. Almost 46 percent of mothers with children under three are in the labor force, and almost 57 percent of mothers with children ages three to five are working.

It should be remembered that many of these mothers work long hours, and two meals and a snack are not enough food for their children during their working day. As anyone who has lived with preschoolers knows, they eat a number of small meals during the day. In fact, nutritionists and health professionals recommend small frequent feedings for this age group in order to ensure that their nutritional needs are met. Because of their short attention span, increased exploratory activity, high level of physical activity, and susceptibility to illnesses, small, frequent feedings are essential for preschoolers. For all these reasons, it would be reasonable and wise social and health policy to reinstate the provision to these children of the amount of food they require over a long day in child care—three meals and two snacks—as they were provided previous to fiscal year 1982.

School lunch and nutrition education

We also support additional funding for the National School Lunch and NET Programs. In the fall of 1982, FRAC issued a report titled "The Impact of Child Nutrition Budget Cuts: A Look At the States and Selected School Districts." We asked state and local school food officials what the principal reason was for children dropping out of the school meals programs. A significant number of officials indicated that legislative changes lowering eligibility and raising prices for lunches and breakfasts were leading factors in fewer children being able to participate in school nutrition programs. Therefore we urge the committee to raise the eligibility for reduced-price lunch from 185% to 195% and lower the student charge for school lunch from 40 cents to 25 cents and the charge for school breakfast from 30 cents to 15 cents.

The Administration has pointed out that more than 70% of the benefits in S. 1913 would go to families with incomes over 130% of the poverty line. It failed to point out that approximately 70%-80% of the benefits would go to families with incomes below 185% of the poverty line. The bill is intentionally targeted to benefit the working poor, and properly so. According to the American School Food Service Association, the budget cuts enacted as part of the Omnibus Reconciliation Act of 1981 have dramatically reduced participation in the reduced-price lunch category. The following chart represents some examples. The chart is not meant to represent a statistically sound national sample, but the examples are instructive.

SCHOOL LUNCH PARTICIPATION REDUCED PRICE CATEGORY

	October 1980	October 1983	Percent decline
Akron, OH	1,882	983	48
Memphis, TN	4,265	1,409	67
Raleigh, NC	2,708	1,966	27
Birmingham, AL	2,881	2,054	29
Albuquerque, NM	4,135	2,967	28
Cleveland, OH	2,366	1,841	22
Louisville, KY	5,332	4,147	22
Kansas City, MO	1,756	1,684	4
Ft. Lauderdale, FL	5,960	5,250	12

In light of this decline we believe that S.1913 is an extremely important piece of legislation.

Finally, I have a particular concern about adequate funding for the Nutrition Education and Training Program. U.S. Department of Agriculture witnesses in the past have suggested that the sole goal of the NET Program was the development of classroom curricula on nutrition and since this goal has been accomplished, the program should be terminated. The Department generally fails to mention that the goals of the program established by law also include: (1) teaching children about nutrition and its relation to health; (2) training good service personnel in the principles and practices of food service management; and (3) instructing teachers in sound

principles of nutrition education. Thus, as Katherine L. Clancy, Past President of the Society for Nutrition Education said in testimony before the Subcommittee on Nutrition of the Senate Agriculture Committee (February 1982):

"The NET Program not only teaches the concepts of food as it relates to nutrition, but actually puts these concepts into practice in the lunchroom."

Also, it should be noted that evaluations of the NET program by USDA have found that the programs in Georgia and Nebraska demonstrated quite positive program effects on student nutrition knowledge (USDA, May, 1982). Our recommendation is to add $3 million to the current $5 million authorization level of NET so that $8 million can be made available to states.

There are several areas of disagreement and concern over the Administration attempts to cut or terminate child nutrition programs. I would like to share these concerns with the Committee.

The President's private sector survey on cost control (Grace Commission)

The Grace Commission recommended that School Lunch, School Breakfast, Child Care Food and Summer Food Service benefits be included as income when "determining food stamp eligibility and entitlement values". We oppose this recommendation because:

Currently these (in-kind) food and nutrition benefits are not counted as income for purposes of the FSP.

The FSP is not designed to meet all of a households' food needs; it is a supplemental assistance program. For many low income households, these in-kind benefits are essential if they are to obtain all of the food that is needed to obtain a good diet. A recent USDA study shows, for example, that school lunches for low income families do not replace other food, but merely supplement it.

It would be administratively difficult to count such in-kind benefits as income because assigning a dollar value to these benefits is difficult, if not impossible. In its report on the 1977 Food Stamp Act, the House Agriculture Committee reported that state food stamp administrators were "virtually unanimous in recommending that in-kind benefits not be counted as income. . . . . [Such a proposal] would create an administrative nightmare."

Families whose religious beliefs require that they send food from home, children with allergies that cannot be accommodated by the school lunch program, and children who are home sick from school would be penalized by these recommendations because their families would be deprived of food stamp benefits.

The Survey's proposal is similar to that proposed by the Reagan Administration. The Reagan proposal would have cut a family's food stamp benefits by about $10–$11 a month for every child in the family eligible for free school lunches. The Survey proposal would cut benefits about $7–$8 a month for every child eligible for free school lunches.

The Reagan proposal was defeated 14–3 in the Senate Agriculture Committee, with a solid majority of both Republicans and Democrats opposing it.

The proposal was rejected because it would take food away from many of the poorest families in the country. Analysis done by the Reagan Administration's own appointees in USDA showed that 43% of all families with gross incomes below 50% of the poverty line—the poorest of the poor—would lose benefits under this proposal.

Congress has long recognized the complementary relationship between the food stamp and the other food assistance programs. The fact that more than one program exists is no accident. Food stamp benefits have never provided nutritionally adequate diets, and Congress has long recognized the value of food programs for groups acknowledged to be specially vulnerable: the elderly, the growing child, the pregnant or nursing mother. Proposals such as this have long-term health and nutritional implications, and should not be carelessly adopted to meet arbitrary cost-cutting goals.

The President's Task Force on Food Assistance

The major recommendation of the Task Force is that all of the Federal food programs be consolidated in a block grant to the states. States could choose how to spend the food assistance funds, and uniform national eligibility standards and benefit levels would be eliminated.

We oppose this recommendation because:

Contrary to Task Force assertions, the block grant would be unable to respond rapidly to changing economic circumstances within a state, and states would not be guaranteed adequate federal funds to meet the nutritional needs of their residents.

Past experience with the Food Stamp Program and present experience with the AFDC program demonstrate that extensive state flexibility invariably results in se-

rious gaps in coverage and resultant hardship for the poor. Without national entitlement status for federal food assistance, geography, rather than need, could determine nutritional status.

No witnesses at any of the public hearings requested or suggested that federal responsibility for food assistance be turned over to the states. This recommendation has been opposed by the National Governors Association, the National Association of Counties, and the U.S. Conference of Mayors as well as over forty national organizations. Three Task Force members voted against this recommendation.

Food program block grants have been repeatedly rejected by both houses of Congress.

We also oppose the Administration's block grant for the Child Care Food and Summer Food Programs because:

CCFP was cut 30% or $130 million in F.Y. 1982; SFSPC was cut 40% or $90 million in F.Y. 1982.

The administration's block grant would allow current services funding for these programs but eliminate the federal features of entitlement status and automatic increases in reimbursement for rises in the price of food. The Congressional Budget Office estimates that elimination of these features would reduce funding by 20% or $80 million by F.Y. 1987.

Both CCFP and SFSPC have national nutritional standards for children. We as a nation should be concerned about the nutritional status of all children. A child's nutritional status should not be dependent upon the adequacy of the tax base of the state in which he or she happens to reside.

The administration's fiscal year 1985 cuts

I have previously addressed several of the Administration's F.Y. 85 budget cuts but one area of particular concern is the U.S. Department of Agriculture's proposal to withdraw from the administration of child nutrition programs. Prior to October 1, 1980 any state agency which did not choose to administer a child nutrition program could "turnback" the administration of the program to USDA, which by law, was required to accept the administration of the program, thereby insuring the benefits would be received by program participants in the States. Several state agencies did turnback program administration in CCFP, SFSPC and the Special Milk Program (SMP). Several States have state laws or policies which either prohibit or discourage the State Educational Agency from administering non-school programs or programs for private schools. Therefore, these States wanted USDA to administer these programs. Subsequent to October 1, 1980 some of the States decided to accept the administration of the non-school programs and assign them to an Alternate State Agency, an agency separate from the State Department of Education. However, USDA still administers the Child Care Food Program in nine (9) states (Colorado, Hawaii, Missouri, Nebraska, New York, Oregon, Tennessee, Virginia, and Washington) and the Summer Food Service Program for Children in 17 states (Alaska, California, Georgia, Hawaii, Kansas, Michigan, Minnesota, Missouri, Nebraska, New York, North Dakota, Oregon, South Carolina, Tennessee, Virginia, Washington and Wyoming). If USDA is able to get Congressional approval for withdrawing from administering these programs, program participants will have to rely on States to change their constitutions, statutes and/or policies and accept the administration of these programs or face mass child nutrition program termination. Currently, 187,519 thousand children participate in CCCFP in the 9 states cited above and 630,099 thousand children participate in the SFSPC in the 17 states cited above. Please see Chart I in the appendix.

This proposal will also have an adverse effect on private schools and institutions which participate in the National School Lunch Special Milk and the Residential Child Care Institution programs. Chart II in the appendix indicates which states have constitutional prohibitions or laws or policies which inhibit or preclude using state resources for private schools. Chart II provides data on how many students and institutions could be dropped from this program.

CHART I

THE CHILD CARE FOOD PROGRAM AND SUMMER FOOD SERVICE PROGRAM FOR CHILDREN, WHO ADMINISTERS THESE PROGRAMS, WHAT ARE THEIR FUNDING LEVELS, AND HOW MANY CHILDREN PARTICIPATE IN THEM?

STATE	Administered By CCFP	Administered By SFSP	SFSP 1982 Federal Funds	SFSP 1982 Average Daily Atten.	CCFP FY81 Federal Funds	CCFP FY81 Average Daily Atten.
New England						
• Connecticut	SA	SA	1,001,244	18,117	2,759,454	10,124
• Maine	ASA	SA	332,163	1,931	1,132,372	3,177
• Massachusetts	SA	SA	1,682,641	14,116	7,711,525	23,645
• New Hampshire	SA	SA	228,043	1,288	1,097,420	3,401
• Rhode Island	SA	SA	742,570	8,976	28,357,584	4,255
• Vermont	SA	SA	50,643	280	1,243,898	72,627
• New York	FNS	FNS	18,736,958	250,903	42,697,890	118,601
NERO TOTAL			22,794,312	294,903	42,697,890	118,601
Mid-Atlantic						
• Delaware	SA	SA	521,845	7,989	1,073,303	3,096
• District of Columbia	SA	SA	402,970	7,056	1,430,009	4,411
• Maryland	SA	SA	1,971,302	23,643	5,649,008	10,952
• New Jersey	SA	SA	4,674,171	51,323	7,382,636	31,117
• Pennsylvania	SA	SA	7,779,440	74,912	10,411,961	33,548
• Puerto Rico	*	SA	1,447,376	17,024	-	-
• Virginia	FNS	FNS	1,078,634	16,125	3,624,716	11,948
• Virgin Islands	SA	SA	339,070	4,215	266,721	1,095
• West Virginia	SA	SA	610,779	10,042	1,617,354	4,611
MARO TOTAL			18,825,587	212,327	29,457,708	100,778
Southeast						
• Alabama	SA	SA	2,511,725	39,072	7,952,839	19,294
• Florida	SA	SA	3,119,350	62,346	11,515,806	35,234
• Georgia	FNS	FNS	2,248,984	34,373	9,057,519	22,786
• Kentucky	SA	SA	1,038,000	16,372	2,733,730	10,219
• Mississippi	SA	SA	1,176,200	16,831	7,992,740	30,202
• North Carolina	SA	SA	1,813,951	32,706	6,616,265	21,502
• South Carolina	SA	FNS	3,193,331	49,664	3,824,208	11,828
• Tennessee	FNS	FNS	1,290,662	21,081	4,851,324	14,706
SERO TOTAL			16,393,203	272,445	54,539,431	165,771
Midwest						
• Illinois	SA	SA	5,560,122	43,134	14,392,382	40,531
• Indiana	SA	SA	1,502,720	16,634	4,774,232	17,697
• Michigan	SA	FNS	5,526,521	72,899	13,102,420	37,658
• Minnesota	SA	FNS	1,111,736	10,567	13,067,842	31,646
• Ohio	SA	SA	2,809,668	29,304	9,154,076	30,089
• Wisconsin	SA	SA	326,791	5,377	3,722,050	12,301
MWRO TOTAL			17,037,558	177,915	58,213,004	169,922

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CHART I cont.

STATE	Administered By CCFP	Administered By SFSP	SFSP 1982 Federal Funds	SFSP 1982 Average Daily Atten.	CCFP FY81 Federal Funds	CCFP FY81 Average Daily Atten.
• Arkansas	ASA	ASA	177,337	1,542	2,311,019	6,716
• Louisiana	SA	SA	1,498,508	23,469	3,570,767	11,522
• New Mexico	ASA	ASA	670,223	10,224	2,724,043	8,773
• Oklahoma	SA	SA	391,847	5,160	3,100,438	11,271
• Texas	ASA	ASA	2,216,923	36,202	13,992,543	39,656
SWRO TOTAL			4,954,838	76,597	25,698,810	77,938
Mountain Plains						
• Colorado	FNS	SA	884,860	11,451	7,931,530	18,693
• Iowa	SA	SA	277,607	2,664	2,263,597	14,406
• Kansas	SA	FNS	61,950	464	3,966,050	11,696
• Missouri	FNS	FNS	1,129,845	11,411	5,029,153	15,918
• Montana	ASA	SA	170,460	1,736	1,553,844	5,140
• Nebraska	FNS	FNS	173,568	2,245	1,754,180	5,215
• North Dakota	SA	FNS	227,127	2,303	2,107,042	5,274
• South Dakota	SA	SA	215,146	3,604	1,836,578	4,641
• Utah	SA	SA	138,416	1,292	2,026,681	6,472
• Wyoming	SA	FNS	18,173	200	847,084	2,801
MPRO TOTAL			3,297,152	37,376	29,315,739	90,256
Western						
• Alaska	SA	FNS	0	0	1,741,188	3,692
• American Samoa	*	*	-	-	-	-
• Arizona	SA	SA	506,566	7,850	4,212,402	15,820
• California	SA	FNS	9,556,883	144,250	29,337,942	89,609
• Guam	SA	*	-	-	54,299	85
• Hawaii	FNS	FNS	276,066	5,043	1,141,156	5,509
• Idaho	SA	SA	43,975	763	572,710	2,451
• Nevada	SA	SA	45,752	763	572,532	2,443
• Oregon	FNS	FNS	316,705	4,205	3,071,946	9,780
• Trust Territory	*	SA	-	-	317,428	1,303
• Washington	FNS	FNS	338,781	5,272	11,734,155	33,123
• Northern Marianas	SA	*	-	-	63,274	229
WRO TOTAL			11,084,728	168,146	52,819,032	164,044
U.S. TOTAL			94,386,378	1,239,709	292,741,614	887,310

*SA means -State Agency administers the Program. Normally in State Department of Education administers all Child Nutrition Programs.

ASA means - A State Agency other than the State Department of Education administers the programs - an Alternate State Agency.

FNS means - that the programs are directly administered by the Food and Nutrition Service of the U.S. Department of Agriculture.

Sources: Summer Food-Federal Funds Data is based on the USDA allocation levels for the summer of 1982; Average Daily Participation figures are taken from the USDA Scope report for the Summer of 1982.

CCFP Financial and Participation Data are for the FY 1981 levels for April 1981 for meal service taken from the USDA FNS Monthly Inventory Statement issued on 8/10/83.

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CHART II

STATES WHICH HAVE CONSTITUTIONAL, STATUTORY, OR PUBLIC POLICY REQUIREMENTS WHICH PRECLUDE STATE ADMINISTRATION OF CHILD NUTRITION PROGRAMS FOR PRIVATE SCHOOLS

	Constitutional Provision	State Policy	State Statute	Attorney General's Opinion
HAWAII	X			[Sup. ct. Case]
WASHINGTON	X			
VIRGINIA	X			
S. CAROLINA	X			X
COLORADO	X			
MISSOURI		X		
NEBRASKA	X			
DELAWARE		X		
ALABAMA	X			
GEORGIA		X		
TENNESSEE			X	X

CHART III

EFFECT OF USDA WITHDRAWAL FROM ADMINISTRATION OF CHILD NUTRITION PROGRAMS ON PROGRAM PARTICIPATION

	School Lunch	Institutions	RCCI's	Institutions
HAWAII	13,390	(20)	117	(8)
WASHINGTON	10,985	(52)	2,475*	(72)
VIRGINIA	10,975	(38)	931	(38)
S. CAROLINA	5,826	(23)	314*	(13)
COLORADO	10,290	(48)	592*	(19)
NEBRASKA	22,720	(92)	224*	(11)
ALABAMA	14,085	(44)	240	(13)
TENNESSEE	10,915	(39)	402	(29)
	99,186	[362]	3,265	[203]

*indicates private institutions -- more may be dropped from public institutions presently covered by USDA.

STUDENTS WHO MAY BE DROPPED:

	School Lunch		RCCI	
MISSOURI				
DELAWARE	4,806	(8)		
GEORGIA			831**	(22)
	4,806	[8]	831	[22]

**Numbers are for private RCCIs only. USDA presently administers both public and private RCCIs in Missouri.

TOTAL NUMBER AFFECTED:

	School Lunch		RCCI
[370]	103,992		4096
		108,088	
		595 institutions	

UNITED STATES CATHOLIC CONFERENCE,
DEPARTMENT OF EDUCATION,
Washington, DC, April 3, 1984.

Senator JESSE HELMS,
Chairman, Senate Committee on Agriculture, Nutrition and Forestry,
Washington, DC.

DEAR MR. CHAIRMAN: On behalf of the United States Catholic Conference, I am writing to add my voice to the April 4th hearings which the Senate Agriculture Committee is conducting regarding the reauthorization of certain child nutrition programs. I am also writing to urge your strong support for S. 1913, one bill among many before the Committee which provides for improvements in these child nurtition programs. The bill also recognizes the needs of many poor and undernourished children attending our nation's schools by providing for an increase in the funding for these programs. We endorse the increase in the funding level because it may give new life to many school food authorities who are having second thoughts about their ability to continue operations efficiently and cost effectively.

The bill also addresses a concern of particular importance to the Catholic school community. It eliminates the discriminatory provision which excludes from participation in the school lunch and child nutrition programs private schools which charge $1,500.00 or more in tuition. This issue is of special concern to those lower income and minority families who have made extra financial sacrifices in choosing our schools to insure that their children obtain the education they deem most suited to their needs.

Since the implementation of the $1,500,00 tuition exclusion, 246 Catholic secondary schools enrolling approximately 131,000 students have been disqualified from participating in the school lunch and breakfast programs. Another 243 of our high schools with an approximate enrollment of 158,000 students are expected to reach the disqualifying tuition threshold within the next two years. Beyond that, we expect a continuous exit of our secondary schools from these programs as the rate of inflation compels them to raise tuition to meet the rising costs of services, materials, and equipment.

The tuition exclusion provision in our opinion is discriminatory and arbitrary because it shifted the focus of Federal assistance from the student to the institution. It eliminated Federal child nutrition assistance from any school which charged a certain level of tuition. No consideration was given to the social or economic composition of the student body. Consequently students attending any private school charging tuition of $1,500 or more were disqualified from receiving such assistance even if the school enrolled a significant number of lower income students. On the other hand, students from wealthy families in upper income communities who attend public schools remain qualified to receive school lunch benefits. This is unfair and discriminatory.

In 1981 both the Administration and the Congress took actions to reduce Federal expenditures in the area of child nutrition but in a manner which would avoid or minimize the impact on lower income families. Consequently, most of the cuts were targeted by family income. This resulted in proportionately greater reductions in subsidies for "full paid" or "reduced price" lunches rather than the "free" lunches which have been historically provided to the poor. If such reductions are necessary, we consider this a reasonable approach. It would impact on higher income families without regard to where they choose to send their children to school. Such an approach retains the principles of fairness and equity which have guided this program for so many years. On the other hand, by targeting private institutions, a public school bias is built into this program which is contrary to what both the Administration and Congress state as their intent, and which arbitrarily disqualifies lower income nonpublic school students from participation. Consequently, we urgently request that the tuition limitation provision be eliminated from the National School Lunch and Child Nutrition Acts.

Finally, we are very concerned over a proposal by the Department of Agriculture in its 1985 budget to eliminate the Department's authority to administer the school lunch and child nutrition programs in private schools in states which are prohibited by law from doing so. If the Department discontinues administering these programs 175,140 children, at a minimum, in 684 private schools could abruptly be excluded from participation. We urge you to take necessary action to prevent the Department from eliminating its responsibility for children attending private schools in those eleven states which are prohibited by law from administering these programs for them.

Mr. Chairman, we respectfully request that this letter be entered into the record of hearings on child nutrition which are being held by this Committee.

Thank you for your concern and consideration.

Sincerely,

Rev. THOMAS G. GALLAGHER,
Secretary for Education.

II

98TH CONGRESS
1ST SESSION

S. 1913

To provide for improvements in the school lunch and certain other child nutrition programs.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 30 (legislative day, SEPTEMBER 26), 1983

Mr. HUDDLESTON (for himself and Mr. COCHRAN, Mr. BOREN, Mr. ANDREWS, Mr. EAGLETON, Mr. HOLLINGS, and Mr. PRYOR) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

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A BILL

To provide for improvements in the school lunch and certain other child nutrition programs.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the National School Lunch Act is amended by—

(1) in subsection (e) of section 6—

(A) inserting "(1)" after the subsection designation; and

(B) adding at the end thereof a new paragraph (2) as follows:

"(2) Each fiscal year, the Secretary shall make available to the States for the transportation and storage of commodities donated under this section an amount equal to 3 percent of the value of such food. The States may not charge recipient agencies for the distribution of such commodities an amount that is in excess of the State's direct cost of transporting and storing such commodities for recipient agencies minus the amount provided by the Secretary to the States under this subsection.";

(2) in section 9(b)—

(A) in the second sentence of paragraph (1)(A), striking out "For the school years ending June 30, 1982, and June 30, 1983, the" and inserting in lieu thereof "The";

(B) striking out the third sentence of paragraph (1)(A);

(C) adding at the end of paragraph (2)(C) a new sentence as follows: "The requirement imposed on local school food authorities in the preceding sentence shall not take effect until the pilot study under section 803(c) of the Omnibus Budget Reconciliation Act of 1981 is completed and analyzed and a report of the Department of Agriculture's findings from the study is submitted to the

Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate."; and

(D) striking out the last sentence of paragraph (3) and inserting in lieu thereof a new sentence as follows:

"Income that is used for unusually high medical expenses that cannot be reasonably anticipated or controlled by the household shall be excluded when determining eligibility for free or reduced-price meals.";

(3) in section 11(a)(2)—

(A) striking out "40 cents" and inserting in lieu thereof "25 cents"; and

(B) adding at the end thereof a new sentence as follows: "The price charged for a reduced-price lunch shall not exceed 25 cents.";

(4) in section 11(f), striking out "section 9(b)(3)" and inserting in lieu thereof "section 11(a)(2)";

(5) in section 12(d)(5), striking out ", except private schools whose average yearly tuition exceeds $1,500 per child"; and

(6) in section 17(f)(2)(B), striking out "two meals and one supplement" and inserting in lieu thereof "three meals and two supplements".

SEC. 2. The Child Nutrition Act of 1966 is amended by—

(1) in section 3(a)—

(A) adding after the first sentence a new sentence as follows: "Notwithstanding the preceding sentence, the special milk program shall be available to all children in kindergarten program operating through nonprofit schools."; and

(B) striking out the last sentence;

(2) in section 4(b)(1)(B)—

(A) amending the second sentence to read as follows: "The national average payment for each reduced-price breakfast shall be 15 cents less than the national average payment for each free breakfast, adjusted to the nearest one-fourth cent."; and

(B) adding at the end thereof a new sentence as follows: "Notwithstanding the preceding sentences, an additional 6 cents shall be provided for each breakfast served under this Act and section 17 of the National School Lunch Act, to be used to improve the nutrient content of breakfasts.";

(3) in section 4(b)(1)(C), striking out "30 cents" and inserting in lieu thereof "15 cents";

(4) in section 4(b)(2)(B)—

(A) inserting after "such free breakfast shall be" "(i)";

(B) striking out "(i)" and inserting in lieu thereof "(I)";

(C) striking out "(ii)" and inserting in lieu thereof "(II)"; and

(D) inserting before the period at the end thereof a comma and a new clause as follows:

"(ii) plus an additional 6 cents for each breakfast served under this Act and section 17 of the National School Lunch Act, to be used to improve the nutrient content of breakfasts";

(5) in section 4(b)(2)(C), striking out "thirty cents" and inserting in lieu thereof "15 cents";

(6) in section 15(c)(A), striking out ", except private schools whose average yearly tuition exceeds $1,500 per child"; and

(7) in section 19(j)—

(A) striking out the subsection designation "(j)" and inserting in lieu thereof "(i)";

(B) striking out paragraph (1);

(C) redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively; and

(D) amending paragraph (1), as redesignated, by—

(i) striking out "For the fiscal year ending September 30, 1980, and for each fiscal year ending on or before September 30, 1984, there" and inserting in lieu thereof "There"; and

(ii) striking out "$15,000,000 for fiscal year 1981, and not more than $5,000,000 for each subsequent' and inserting in lieu thereof "$8,000,000 for each".

SEC. 3. (a) The Secretary of Agriculture shall issue such regulations as may be necessary to carry out the provisions of this Act.

(b) All amendments made by this Act shall become effective upon enactment, except for the amendment made by section 1(2)(D), which shall be implemented no later than July 1, 1984.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, DC, July 2, 1984.

Hon. JESSE HELMS,
Chairman, Committee on Agriculture, Nutrition and Forestry, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: This is in response to your letter requesting a report on S. 1913, "To provide for improvements in the school lunch and certain other child nutrition programs."

S. 1913 increases subsidies for reduced price lunches and breakfasts; increases reimbursements for all breakfasts by 6 cents; expands from three to five the maximum number of meals and snacks subsidized daily under the Child Care Food Program (CCFP); expands the Special Milk Program (SMP) to kindergartens in schools that already participate in other nutrition programs and eliminates the maximum 5-cent milk subsidy for these kindergartens; creates a new administrative subsidy for States for storing and distributing commodities donated under the National School Lunch Act; creates a deduction for unusually high medical costs for purposes of income eligibility determination; permits all high tuition private schools to receive meal subsidies; increases the funding for the Nutrition Education and Training (NET) Program; delays income verification requirements; and eliminates the link between food stamp and free school meal eligibility standards.

The Department strongly opposes the enactment of S. 1913. The bill reverses valuable reforms recently enacted by the Congress which better target child nutrition resources to those most in need. S. 1913 mandates new entitlements for middle and upper-income students. None of the added funding would provide additional meals to the neediest schoolchildren. As the Congress and the Administration work together to reduce alarming deficits, we cannot support the use of scarce Federal resources to finance the subsidies provided by S.1913. The bill would increase taxpayers' costs by $186 million by Fiscal Year 1985 and by $1 billion over Fiscal Years 1985–1989. The following paragraphs explain the Department's position in more detail.

S. 1913 increases subsidies for reduced price meals by 15 cents. This repeal of a 1981 reform expands benefits to children from families of four with annual income up to $18,315. These students already receive a 92-cent subsidy for each lunch served. This provision in no way targets benefits to the neediest recipients and would cost $70 million in Fiscal Year 1985.

The bill also increases the breakfast subsidy by 6 cents as a means to improve the nutritional quality of the meal. The hike in reimbursement would apply to all meals, including those served to upper-income students. This provision is unnecessary. Schools are already encouraged to go beyond the minimum meal pattern. The total impact of the breakfast in combination with lunch is already favorable, and children generally eat both where available. This provision would require $42 million in Federal funds in Fiscal Year 1985.

The provision subsidizing a third meal and second snack under the CCFP would provide additional assistance to middle-income families and abrogate all family involvement in preparing meals for their children. These extra subsidies would cost $28 million in Fiscal Year 1985.

As a result of a 1981 reform, the SMP operates only in schools which do not participate in another child nutrition program. S. 1913 permits kindergartens in schools with a lunch or breakfast program to receive SMP subsidies as well. Since the school programs serve milk as part of their meals and since such meals may be made available to kindergarten children, the Department sees no need to permit duplicate milk subsidies for kindergartens. In addition, the bill increases the milk subsidy level for these kindergartens. This provision would cost $16 million in Fiscal Year 1985, almost doubling the size of the SMP.

States currently receive $44 million in State Administrative Expense funds to operate the child nutrition programs. The Department believes that these funds provide more than adequate assistance to States for storing and distributing commodities donated under the National School Lunch Act. The S. 1913 provision creating additional State administrative funding for this purpose would cost $15 million in Fiscal Year 1985.

The bill establishes a deduction for high medical expenses for purposes of determining income eligibility for free and reduced price meals. This provision complicates the application and verification process as well as increases the potential for error. It rescinds, in part, the reforms enacted in 1981 which eliminated special deductions for high medical and housing costs in favor of increasing the eligibility guidelines for free school meals. The provision would cost $6 million in Fiscal Year 1985.

S. 1913 reverses a 1981 reform by permitting all private schools, regardless of the level of tuition charged, to receive Federal meal subsidies. The Department maintains that families who are able to pay costly private school tuitions should be able to finance their children's school meals without hardship. Subsidizing these well-off families would cost $6 million in Fiscal Year 1985.

The bill increases NET Program funding to $8 million. The purpose of the NET Program has been to provide an initial Federal investment in nutrition education and lay a foundation on which States and localities could build. States have now developed sound nutrition education curricula and these micro grants are no longer required. This provision would increase costs by $3 million annually.

S. 1913 delays the requirement to verify the income of a sample of those receiving free and reduced price meals until the verification pilot study is completed. This provision is no longer relevant. The pilot study report has been issued and schools and institutions have already implemented the verification requirement.

The bill terminates the link between income eligibility standards for free school meals and food stamps. Currently, both are set at 130 percent of gross income. Abolishing this link increases the administrative burden and expense for local officials who otherwise would be able to take advantage of the identical standards to expedite the processing of free meal applications and to verify eligibility with food stamp offices.

The Office of Management and Budget advises that there is no objection to the presentation of this report, and that enactment of S. 1913 would not be consistent with the Administration's objectives.

Sincerely,

RICHARD E. LYNG,
Acting Secretary.

II

98TH CONGRESS
1ST SESSION

S. 1994

To amend the National School Lunch Act to reinstate income eligibility criteria for family or group day care home participants in the child care food program.

IN THE SENATE OF THE UNITED STATES

OCTOBER 25 (legislative day, OCTOBER 24), 1983

Mr. HELMS introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

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A BILL

To amend the National School Lunch Act to reinstate income eligibility criteria for family or group day care home participants in the child care food program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 17(f) of the National School Lunch Act (42 U.S.C. 1766(f)) is amended—

(1) in paragraph (2)—

(A) by striking out ", other than family or group day care home sponsoring organizations," in subparagraph (A); and

(B) by striking out ", or to family or group day care home sponsoring organizations under paragraph (3) of this subsection," in subparagraph (B);

(2) by striking out paragraph (3); and

(3) by redesignating paragraph (4) as paragraph (3).

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